



FSC
FOREST
STEWARDSHIP
COUNCIL
INTERNATIONAL CENTER

BECAUSE
FORESTS
MATTER

FSC POLICY

GROUP CHAIN OF CUSTODY (COC) CERTIFICATION: FSC GUIDELINES FOR CERTIFICATION BODIES

FSC-POL-40-002 (2004) EN

©2004 Forest Stewardship Council A.C.
All rights reserved



Charles-de-Gaulle-Str. 5
53113 Bonn, Germany
Tel: +49 (0)228 / 367 66-28
Fax: +49 (0)228 / 367 66-30
policy.standards@fsc.org
www.fsc.org

GROUP CHAIN OF CUSTODY (COC) CERTIFICATION: FSC GUIDELINES FOR CERTIFICATION BODIES

FSC-POL-40-002 (2004) EN

Approved July 2002
Revisions approved September 2004

©2004 Forest Stewardship Council, A.C. All rights reserved. No part of this work covered by the publisher's copyright may be reproduced or copied in any form or by any means (graphic, electronic or mechanical, including photocopying, recording, recording taping, or information retrieval systems) without the written permission of the publisher.

The Forest Stewardship Council (FSC) is an independent, not for profit, non-government organisation based in Bonn, Germany.

The mission of the Forest Stewardship Council is to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

FSC develops, supports and promotes international, national and regional standards in line with its mission; evaluates, accredits and monitors certification bodies which verify the use of FSC standards; provides training and information; and promotes the use of products that carry the FSC logo.

Table of Contents

	Page
Introduction	4
SECTION 1 Terms, concepts and applicability	5
Explanation of terms	5
Small enterprises eligible for evaluation under these guidelines.....	6
SECTION 2 Group Requirements and Responsibilities	7
Group entity requirements.....	7
Group member requirements and responsibilities.	8
Informed consent of group members.....	8
Group records	9
SECTION 3 Certification Procedures	11
Certification bodies' procedures	11
Introduction to Risk Analysis and Sampling.....	11
Risk analysis	12
Evaluations	13
Sampling for initial evaluation.....	13
Certification Reports.....	14
Certificates	15
FSC Trademarks Use.....	15
SECTION 4 Monitoring by the Certification Body	16
New members.....	17
GLOSSARY	18

Introduction

Group Chain of Custody (CoC) certification has been developed in order to assist smaller enterprises wishing to achieve FSC CoC certification. It is drawn up with the following types of producers in mind: artisan woodworkers / craftspeople, portable sawmill operators, small sawmills, carpenters, joiners and small hauling companies. It is expected to particularly benefit those groups of small enterprises that already have a legal organization or the support of an external support organization, such as a trade association or cooperative. The basis of group certification is that in addition to these guidelines, certification bodies must ensure that each member of the group complies with the relevant requirements of the following FSC documents:

- FSC Trademark Rules;
- FSC Guidelines for Certification Bodies – section 3 Chain of Custody; and
- FSC Accreditation Manual Part 3.4, 3.5, and 3.6.

Some of the administrative requirements, plus communication with the certification body, will be carried out by the group entity. The certification bodies will be able to carry out risk analysis and sampling in order to reduce the demands of monitoring and evaluation. The objective is that this reduces costs to small enterprises.

In order to maintain the integrity of the chain of custody for FSC certified forest products, and in order to assist certification bodies in implementing this policy to the target group intended, FSC is setting a limit to the size of operation that may participate in a Group CoC. For a trial period of one year from the date of its formal adoption, FSC proposes that this policy is to be applied *only* to those groups made up of small enterprises (defined as having no more than 15 employees or having no more than 25 employees and an annual turnover of US\$1,000,000).

These guidelines have been written drawing on the inputs of certification bodies who responded to a questionnaire on group certification¹, the existing FSC policy for group certification for forest management, and the draft guidelines on Group CoC submitted by two FSC accredited certification bodies². Guidelines from international accreditation organizations were also consulted.

These guidelines are aimed primarily at certification bodies. FSC accredited certification bodies are expected to incorporate these guidelines into their own certification systems if they wish to offer FSC Group CoC certification to their clients. These guidelines may also be used by potential applicants for group CoC certification as the basis for designing a group scheme that should meet certification body requirements. However, as has been the case with the policy for group certification of forest management, the FSC acknowledges that many businesses will require further explanatory documents. They will also benefit from the development of support material to assist them in developing or modifying their procedures to meet chain of custody requirements. We look forward to collaborating with other organizations in the development of support material, generic systems and user-friendly guidelines.

¹ Group Certification. Final report by Martin Walter, July 2001. An internal FSC secretariat document.

² Smartwood and SGS provided their draft guidelines.

SECTION 1 Terms, concepts and applicability.

- 1.1. These guidelines describe FSC's requirements for the evaluation and certification for Chain of Custody of groups of enterprises under a single certificate - a process referred to as 'group CoC certification.'
- 1.2. These guidelines apply to groups of small enterprises. These are groups comprised of small independent businesses who are able and willing to coordinate certain activities and organize themselves in such a way that they may undertake the CoC certification process as a group and be evaluated for the issue of a single certificate. These groups are further defined in paragraph 1.4.

Explanation of terms

- 1.3 The guidelines distinguish between the two levels of requirements placed upon participants in such a group certification scheme:
 - the group entity level
 - the group members level

Responsibilities are divided between these two levels.

This division of responsibilities between the group entity level and the member level is central to group certification. It is reflected in the sampling that is carried out by the certification body, in the specification of conditions on which certification may be based, in the issue of 'Corrective Action Requests', and ultimately in the possible withdrawal of the certificate.

1.3.1 The group entity is the entity that applies for group certification, and holds any group certificate that is issued. The group entity is responsible to the certification body for ensuring that the requirements of all relevant FSC guidelines are met by the businesses covered by the certificate. The group entity may be an individual person, a cooperative body, an association, or other similar legal entity.

1.3.2 The group entity is responsible for:

- i. communication with the certification body and with group members;
- ii. implementing the administrative and management requirements of the group certification;
- iii. implementing monitoring responsibilities at the group level; and
- iv. submitting requests for authorization for logo use to the certification body.

1.3.3 When a group entity is a membership organisation, such as an association of small businesses, membership of the organisation does not always mean membership of the group certificate. An individual or business may choose not to join, or may be removed from, a group certification scheme, but may remain a member of the organisation.

1.3.4 The group members are responsible for implementing any requirements of group membership at the level of their own procedures, and for implementing the procedures necessary for compliance with the FSC Principles and Criteria for Chain of Custody certification. Members of a group do not hold individual certificates, but so long as they comply with all the requirements of group membership, they are covered by the group certificate.

- 1.3.5 All members of a group shall have a formal written agreement with the group entity and be subject to continuous monitoring by the group entity. Any violation that occurs at the member level will be the legal responsibility of the group entity.

1.4 Small enterprises eligible for evaluation under these guidelines

- 1.4.1 This type of group certification is intended expressly to support 'small enterprises' in obtaining FSC chain of custody certificates, thus allowing them to participate in the processing and sale of FSC certified material and products, to use FSC Trademarks, to promote the purchase of such products and publicise their support for FSC.
- 1.4.2 1.4.2 There are large differences in the productive sectors within countries and variations in economic development between countries. As a result there are no internationally agreed definitions of small enterprises. In those cases where some regions (e.g. the European Union) have agreed definitions based on number of employees and turnover these make no account of different sectors: i.e. they are often not appropriate to the woodworkers that this policy is aimed at. For these reasons, FSC has decided to adopt the temporary measure of setting a generic limit to the size of businesses that may be included in group chain of custody schemes. The FSC will continue to research this topic and if a more appropriate definition for small enterprises is found, it will be introduced into the Group CoC policy.
- 1.4.3 To be eligible for assessment using these guidelines, group members shall conform to the following eligibility criteria:
- i. Have no more than 15 employees (including full time, part time, and seasonal staff), *OR*
 - ii. Have no more than 25 employees and an annual turnover of US\$1,000,000.
Turnover here is defined as total annual revenue from goods and services.
 - iii. All group members shall be located in the same single country as the group entity.
- 1.4.4 The above eligibility criteria is intended to be valid for the trial period of one year, after such time it will be reviewed based on experiences of the uptake and implementation of the guidelines. FSC staff intend to continue researching eligibility criteria that are appropriate in a global context and may make changes to this policy based on the results of that research.
- 1.4.5 No maximum number of members per group is set, however certification bodies must ensure that the group entity has the capacity, including resources and systems to manage the size of the group seeking certification. This should be explicitly mentioned in the certification report.
- 1.4.6 Increase in size of group (i.e. rise in number of members) shall be restricted by the certification body to an annual increase that can be supported by the management systems and capacity of the group entity. This should be defined by the certification body prior to awarding a certificate, and should be stated in the certification report.

SECTION 2 Group Requirements and Responsibilities

Eligibility criteria

The following apply to all groups evaluated under these guidelines, unless otherwise specified:

2.1 Group entity requirements

Group entity authority

- 2.1.1. In order to be eligible to apply for group certification, the group applicant must be an independent legal entity or an individual acting as a legal entity.
- 2.1.2. The group entity shall be contractually responsible to the certification body for ensuring that the requirements of all relevant FSC guidelines are fully implemented by all members of the group.
- 2.1.3. The group entity shall be responsible for ensuring that any conditions on which certification is dependent and any corrective action requests issued by the certification body thereafter are fully implemented.
- 2.1.4. The group entity shall have the authority to remove members from the scope of the group certificate if the requirements of group membership, or any corrective action requests issued by the certification body or the group entity are not complied with.
- 2.1.5. The group entity should be responsible for collecting any fees due to FSC certification from the members.
- 2.1.6. The group entity shall be responsible for the annual monitoring of each and every member. Monitoring procedures must be in line with the FSC CoC Certification Requirements and the guidelines in Sections 3 and 4 of this document.

Group entity system and documentation requirements

- 2.1.7. The group entity's responsibilities with respect to managing the chain of custody certification program for the group, shall be clearly defined and documented, including procedures for new members to join the certified group after a certificate has been awarded.
- 2.1.8. The group entity must have a system in place for providing information and/or training to group members.
- 2.1.9. The group entity must carry out an initial inspection to verify that the potential group members comply with certification requirements, including business installation and documentation systems, before they can be admitted.
- 2.1.10. The group entity must have clear procedures for annual monitoring of each group member which is designed to ensure that CoC requirements are upheld. Additionally it must have a method for providing information on the results of its monitoring to the certification body.
- 2.1.11. The group entity must have a system for ensuring that all market claims and logo use by members are approved by the certification body.
- 2.1.12. The group entity must keep all CoC documents related to member businesses and have a centralized record keeping system related to inflows

and outflows of material in member facilities. They must also be prepared to submit reports summarizing member activities.

- 2.1.13. The group entity must have its own written guidelines that outline CoC procedures for member businesses.

New members

2.1.14. The group entity shall have clear documented procedures for new members to join the certified group after the certificate has been awarded. The group entity must carry out an initial inspection of the business installations and their documented systems before they are eligible to enter into the certified group, and hence be permitted to use the FSC trademark.

2.1.15. If a group member joins or leaves the group certification scheme, the group entity shall inform the certification body in writing within one month.

- 2.2. The group entity shall have sufficient legal and management authority and technical support to implement the requirements and responsibilities specified in 2.1.1-2.1.15 and to support the size of group proposed for certification.

2.3 Group member requirements and responsibilities.

2.3.1 Every group member must comply with the FSC requirements of CoC certification as specified in the FSC CoC standards.

2.3.2 The group members' management responsibilities, (e.g. with regard to management planning, monitoring, quality control, marketing) for certification shall be clearly defined and documented.

2.3.3 Any representation of certified status of group members and their products must be made in reference to the group. Each member must utilize the group's chain of custody code in relevant sales documentation.

2.4 Informed consent of group members

2.4.1 A 'consent form' or its equivalent must be signed by each group member or the member's representative who voluntarily wishes to join the certification scheme. The consent form:

- i. acknowledges and agrees to the requirements and responsibilities of group membership;
- ii. agrees to membership of the scheme for the full period of validity of the group certificate;
- iii. acknowledges their compliance with the chain of custody guidelines; and
- iv. authorises the group entity to apply for certification on the member's behalf.

NOTE: If provision of such written documentation and consent is considered inappropriate for any reason, then the reason must be documented, together with an explanation of another means by which the group members have been fully informed as to their obligations as group members, and their consent has been obtained. These means should include meetings and explanations given to individual members.

2.4.2 The group entity must provide each group member with documentation, or access to documentation, specifying the relevant terms and conditions of group membership. The documentation shall include:

- i. a copy of the Chain of Custody certification standard to which the group is committed;
- ii. explanation of the certification process;
- iii. explanation of the certification body's, and FSC's, rights to access the group members' documentation and installations for the purposes of evaluation and monitoring;
- iv. explanation of the certification body's and FSC's requirements with respect to public information;
- v. explanation of any obligations with respect to group membership, such as:
 - a maintenance of information for monitoring purposes;
 - b use of systems for tracking and tracing of forest products;
 - c requirement to conform with conditions or corrective actions issued by the certification body;
 - d any special requirements related to marketing or sales of products covered by the certificate;
 - e use of the FSC trademarks and product claims;
 - f proper use of CoC certificate number and sub code; *and*
 - g other obligations of group membership.
- vi. explanation of any costs associated with group membership.

NOTE: In some groups, it may be sufficient to provide individual members with a summary of these items, provided that full documentation is readily available on request at the group offices

2.5 Group records

2.5.1 The group entity shall be responsible for maintaining the following records up to date at all times:

- i. list of names and addresses of group members, together with date of entry into group CoC certification scheme and sub code assigned;
- ii. evidence of consent of all group members, preferably in the form of a signed 'consent form' (see paragraph 2.4, above);
- iii. relevant documentation and records regarding the scope of Chain of Custody certification for each group member.
- iv. records demonstrating the implementation of any internal control or monitoring systems (see paragraphs 2.1.2 - 2.1.5, above). Such records shall include records of internal inspections, non-compliance identified in such inspections, actions taken to correct any such non-compliance;
- v. relevant documentation regarding production and sales;
- vi. the date of leaving of any group members, and an explanation of the reason why the member left the group; and

- vii. relevant documentation showing that they meet the definition of a “small enterprise”

NOTE: The amount of data that is maintained centrally by the group entity will vary from case to case. FSC recommends that in order to reduce costs of evaluation by the certification body, and subsequent monitoring by FSC, data be stored centrally wherever possible.

2.5.2 Documentation shall be archived for at least 5 years, as stated in the FSC accreditation manual (chain of custody requirements).

2.6 Certification costs

2.6.1 The group entity shall be fully responsible to the certification body for paying all the costs of evaluation and monitoring throughout the period of validity of the certificate.

2.7 The group CoC certificate will license all members of the group to use the FSC Trademarks under specified conditions. However the group entity may not issue sub-licenses for use of the FSC Trademarks.

SECTION 3 Certification Procedures

Certification bodies' procedures

- 3.1. Certification bodies when undertaking Chain of Custody evaluations shall comply with the FSC Guidelines for Certification Bodies PART 3 – Chain of Custody, and the FSC Accreditation Manual Parts 3.4, 3.5 and 3.6
- 3.2. The certification body shall develop and document special procedures regarding the evaluation, certification and monitoring of Group Chain of Custody evaluations. Such documentation:
 - 3.2.1. shall be available as a single document;
 - 3.2.2. shall demonstrate compliance with all the requirements specified in these guidelines;
 - 3.2.3. shall be separate from the procedural documents for group forest management certification;

NOTE: This may take the form of an explanatory document that makes reference to other policy documents (e.g. Chain of custody guidelines, trademark use/labeling guidelines) but should clearly state the procedures specific to group CoC certification.
- 3.3. Relevant procedures must also be incorporated into other documents (e.g. Assessors' Manuals, office manuals, etc.)
- 3.4. Documentation referred to in 3.2 and 3.3 must be submitted to the FSC Secretariat for approval. Certification bodies may issue certificates prior to these documents being approved by FSC, with the understanding that any changes subsequently required by FSC must be applied in full to clients that have been issued certificates prior to FSC's evaluation.
- 3.5. The certification body shall explicitly evaluate compliance of the group entity with the requirements specified in Section 2, noting that not all organizations fulfilling the requirements of "group certification" will be eligible for sampling. See Section 4 of these guidelines.
- 3.6. The certification body is responsible for checking that the information dissemination system used by the group entity is appropriate to the group composition and distribution, and that awareness and understanding of the responsibilities and requirements of group membership is adequate.
- 3.7. Certifying bodies must report any change in the scope of the certificate to the FSC Secretariat within 30 days of the decision being finalized. Such changes should include the exit or entry of group members.

Introduction to Risk Analysis and Sampling

- 3.8. The certification body's procedures should identify the complexity and scale of the activities covered by the group subject to certification and any differences between members and/or sites. This information will be used:
 - a) as the basis to determine whether the group is suitable for assessment using the group certification guidelines ;

- b) for determining the risk and hence the level of sampling required;
and
 - c) for determining the stratification for sampling required (if any).
- 3.9 Certification bodies should also therefore have procedures to restrict sampling where sampling is not appropriate. i.e. Where risk is high, all sites shall be visited.
- 3.10 Certification bodies must have a clearly documented system of risk analysis, which allows them to determine the level of sampling acceptable for Group CoC assessment and monitoring. This is further explained in paragraphs 3.12-3.16.
- 3.11 The certification body must have a clearly documented process that explicitly states
- i. the system of risk analysis;
 - ii. a clear sampling strategy which includes how stratification is determined; and
 - iii. minimum figures for sampling (percentage or actual number) that are permitted for each level of risk.

Risk analysis

- 3.12 Risk refers to the level of confidence in the group to fulfil and maintain compliance of all the requirements of the group CoC policy. This is assessed by considering a number of characteristics of the group members and of the group entity. Hence, this risk analysis relates to the group and its internal control mechanisms. It is independent of the type of evaluation for risk of contamination in the chain of custody, which is carried out during visits to individual sites.
- 3.13 Risk analysis should lead to a decision on a) whether sampling may be carried out for initial assessments and subsequent monitoring, and b) what level of sampling is appropriate. In the highest category of risk, 100% sampling will be used. In the lowest, the minimum requirements of sampling should be applied (see paragraph 3.23 and 3.24).
- 3.14 Risk should be measured according to multiple factors which *must* include the following:
- i. The degree of control assigned to the group entity. The less centralized the process, the greater the risk.
 - ii. The homogeneity of the group vis a vis production processes. The less homogeneous, the higher the risk.
 - iii. The type of products and processes involved. Any percentage based claims, complex production processes or multiple sources and suppliers represent a greater risk.
 - iv. The nature of the relationship between the group entity and the group members. The more it resembles a client-supplier, or a promotional, supportive, or representative relationship, the greater the risk.
- 3.15 Certification bodies must develop a written method that indicates the different degrees of risk which may be identified, along with the sampling level which will be used with each risk level.
- 3.16 Risk analysis procedures must be recorded in the certification body's documentation and be included in each certification report.

Evaluations

- 3.17 The certifying body must evaluate the group entity to ensure that all of the group entity requirements listed in this document are met.
- 3.18 The certification body must explicitly define the methodology by which the certification body determines 'failure' of a group evaluation: at the time of initial evaluation, AND at the time of subsequent monitoring. The specification of 'failure' may distinguish between 'group failure' and 'member failure', where:
- 3.18.1 "group failure" may lead to corrective actions, suspension or withdrawal of the group certificate, and may be caused by:
- i. failure to fulfil a 'group entity' responsibility, such as administration, record-keeping, logo use, etc.;
 - ii. failure of the group entity to ensure that group members comply with a condition or corrective action issued by the certification body;
 - iii. failure(s) of group member responsibility, sufficient in number, extent and/or consequences to demonstrate that the group entity's responsibility for monitoring or quality control has broken down;
- 3.18.2 "member failure" may lead to corrective actions, suspension or expulsion of a group member and may be caused by:
- i. failure to meet the requirements of the Chain of Custody Certification standards by an individual group member.
 - ii. serious or persistent failures of any other requirements of the certification body or FSC.
- 3.19 The certification body must define and document the sampling methodology used for group evaluations. Guidelines for sampling are given in paragraphs 3.20-3.24.
- 3.19.1 Each group member in the sample chosen for assessment must be fully evaluated to ensure compliance with all the requirements of the *FSC Chain of Custody Certification Standards (FSC Accreditation Manual Part 3.6)*. Requirements that are specific to each enterprise must be implemented by every group member on an individual basis, appropriate to the size and complexity of the operation.

Sampling for initial evaluation

- 3.20 Sampling levels must be based on the level of risk identified as explained above.
- 3.21 Sampling for the initial evaluation should be based on the following components:
- i. different sizes of business (which must consider number of employees, turnover, and/or production) *and*,
 - ii. different production systems, products and raw material sources *and*,
 - iii. probability of use of the FSC label in the coming year (i.e. turnover or production of products eligible for labeling)
- 3.22 At least 25% of all samples must be chosen at random.
- 3.23 The *minimum* number of members to be visited per audit are as follows (taken from the International Accreditation Forum (IAF) guidelines):
- i. *Initial audit*: the size of the samples should be the square root of the number of sites: ($y = \sqrt{x}$), rounded to the upper whole number. For

example a group with five members = three to be sampled. A group with 40 members = seven to be sampled.

- ii. *Monitoring visit:* the size of the annual sample should be the square root of the number of members and or sites with 0.6 as a coefficient ($y=0.6\sqrt{x}$), rounded to the upper whole number. For example a group with five members = two to be sampled.
A group with 40 members = four to be sampled.

- 3.24 The minimum sampling level given in 3.23 shall *only* be applied if the group was found to be in the “lowest possible risk” category in the risk analysis. (e.g. entirely homogenous, simple identical procedures, centralized control, no client-supplier relationship or similar)

Certification Reports

- 3.25 In addition to the requirements for reporting specified in Part 3.4 section 8 and Part 3.5 of the *FSC Accreditation Manual*, the report on a group certification shall include the following:

3.25.1 The name and full contact details of the group entity contractually responsible to the certification body for this certification process.

3.25.2 A list of all the members covered by the certificate with the following information:

- a. Name (as it appears on the its official stationery) and contact details of the member;
- b. The sub-code issued to the member
- c. The contact person and his/her position for each member; and
- d. The scope of the CoC certification evaluated

3.25.3 A clear description of the division of responsibilities between the group entity and the group members (see paragraphs 2.1-2.3);

3.25.4 A clear demonstration that the group entity is in compliance with all of the group entity requirements described in paragraphs 2.1 and 2.2.

3.25.5 A clear indication of the ability of the group entity to manage the size of group applying for certification (see 1.4.5). The limits of growth of the group that are permitted must be based on an evaluation of the capacity and systems of the group entity to handle such growth. This must be expressed as a number of new members per year, or a percentage increment

3.25.6 A clear explanation of the risk analysis and the sampling mechanism used to select those members to be evaluated. This must comply with the sampling rules set out in this policy. This should include all of the following:

- i. the structure and rationale of the system;
- ii. how risk was determined;
- iii. the statistical/sampling method(s) used;
- iv. the number of samples which resulted; and
- v. the names of those members sampled.

- 3.25.7 A clear demonstration, for *each* of the group members evaluated, that each site complies with all of the requirements of the *FSC Chain of Custody Certification Standards*, though some requirements may be met centrally.
- 3.25.8 An explicit description of the monitoring schedule that will be implemented by the certification body including any proposed sampling involved.

Certificates

- 3.26 If a certificate is issued each member of the group shall be issued a sub-code by the certification body. Sub-code requirements include:
- i. Sub-codes shall be compiled using the upper case letters A-Z.
 - ii. In case of having more than 26 members, codes should recommence with AA, BB, etc. For example a certificate body X (CBX) would issue the following certificates:
CBX-COC-031-A ,CBX-COC-031-B etc.
 - iii. Sub-codes shall be included at the end of the certificate number on invoices and on on-product and off-product claims.
 - iv. Once a member leaves a group their sub-code will not be issued to any other existing or new member.
- 3.27 A single 'group certificate' shall be issued to the group entity. The following information must be included:
- i. The name of the group
 - ii. The certificate number without sub codes
- 3.28 If the certification body chooses to provide certificates to individual group members in order to show their assigned sub code the following information must be included on the certificates:
- i. The name of the group
 - ii. The name of the group member
 - iii. The certificate number with the sub-code issued to the group member

FSC Trademarks Use

- 3.29 As for all certificates, the certification body must ensure that all uses by the certificate holder of the certification body name and logo, and the FSC Trademarks, are pre-approved by the certification body.
- 3.30 Certification bodies should ensure that FSC Trademarks use by certificate holders are in compliance with the FSC Trademark Policy Manual³, FSC Logo Guide for Certificate Holders and Percentage based claims policy.

³ This document, in preparation, will replace the existing FSC Logo Policy Manual.

SECTION 4 Monitoring by the Certification Body

- 4.1 Certification bodies must evaluate the group entity's monitoring system and explicitly assess its' effectiveness, as part of their monitoring.
- 4.2 Certification bodies must always carry out their own independent monitoring of the group members and not rely wholly on the group's internal monitoring system.
- 4.3 If nonconformities are found for any member investigation should take place as to whether other members may be affected. The certification body must review the non-conformities to determine whether or not they constitute a system deficiency applicable to all members.
- 4.4 Each member that is monitored must be evaluated to ensure compliance with all the requirements of the *FSC Chain of Custody Certification Standards* and to ensure that the certificate number and sub-codes are being used correctly.
- 4.5 The initial evaluation report must specify a proposed monitoring schedule, which complies with these guidelines.
- 4.6 The level of risk identified in the initial risk analysis will be used to determine this scheme. The integrity and strength of any internal group monitoring system may be considered when determining the monitoring schedule to be implemented by the certification body.
- 4.7 Monitoring schedules may be additionally be influenced by
 - i. the quality and proven strength of monitoring systems, data and records implemented by the applicant for certification;
 - ii. modifications since the last certification visit;
 - iii. records of complaints and other relevant aspects of corrective and preventive action;
 - iv. the results of internal audits; or
 - v. production or turnover.
- 4.8 The group entity shall be examined during each monitoring visit.
- 4.9 Monitoring shall be stratified, following the same guidelines as given in paragraph 3.21-3.24
- 4.10 In all cases at least 25% of sites monitored shall be randomly chosen.
- 4.11 Monitoring must take place at least annually. Certification bodies must use more frequent monitoring if risks are considered high.
- 4.12 Each member should be monitored annually by either the CB or the group entity. Exceptions may be made for those members that did not have certified production during the year.

New members

- 4.13 New members, i.e. who have joined since the previous evaluation or monitoring visit, must be treated as a separate group for the purposes of the monitoring sampling. Sampling levels will be those used for the initial evaluation and hence dependent on the original risk analysis (e.g. For the lowest category of risk this will be the sampling given in 3.23.i). Once included in the group the new members should be cumulated to the previous ones for determining the sample size for future monitoring.
- 4.14 Monitoring of these new members must include at least 25% of randomly selected sites.

GLOSSARY

Nb. These definitions apply to the terms below *only* in reference to this document

Chain of Custody – the channel through which products are distributed from their origin in the forest to their end use.

Full contact details – includes postal address, physical address (if different), telephone and fax numbers, and email address(es).

Groups of small enterprises – These are groups comprised of small independent businesses that are able and willing to coordinate certain activities and organize themselves in such a way that they may undertake the CoC certification process as a group and be evaluated for the issue of a single certificate.

Group CoC certification – the FSC certification for Chain of Custody using the FSC system, of a group of small enterprises under one certificate.

Group entity – the entity that applies for group certification and holds any group certificate that is issued. The group entity may be an individual person, a cooperative body, an association, or other similar legal entity.

Group members – small enterprises in the wood processing chain that have formed a group for the purpose of obtaining FSC certification.

Initial evaluation – inspection or assessment by a certification body to determine whether a group member conforms with FSC recognized standards for Chain of Custody.

FSC-accredited certification bodies – a third party which assesses and registers the quality system standards and any supplementary documentation required under the FSC standards. A list of the FSC accredited certifying bodies is available on the FSC website: <http://www.fsc.org>

Monitoring – checks to verify continuing conformity with the requirements of the group CoC certification.

Risk analysis – Risk refers to the level of confidence in the group to fulfil and maintain compliance of all the requirements of the group CoC policy. This is assessed by considering a number of characteristics of the group members and the group entity (e.g. group's composition, structure and activities)

Small enterprises – organizations or companies that have no more than 15 employees (including full time, part time, and seasonal staff)

Turnover – a company's total annual revenue from goods and services