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# FSC STANDARD

## Accreditation Standard for Chain of Custody Evaluations

FSC-STD-20-011 (Version 1-1) EN

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# ACCREDITATION STANDARD FOR CHAIN OF CUSTODY EVALUATIONS

## FSC-STD-20-011 (VERSION 1-1) EN

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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.

## Foreword

FSC Chain of Custody certification is designed to provide a credible guarantee that all operations and sites included in the scope of a Chain of Custody certificate comply with the applicable requirements of the FSC certification standard(s) specified on the certificate.

Certification audits are based on the certification body's evaluation of the means of verification for each requirement of the applicable certification standards. The means of verification include a review of documentation and records, on-site observations, and interviews with managers, employees and contractors. Audit evidence may be collected over a range of sites and using different means of verification.

The objective of this standard is to clarify the essentials to be followed by certification bodies when auditing operations and sites, including multi-site and group schemes as well as company-controlled sources, and integrating the findings to come to a reliable certification decision. This standard thereby aims to reduce the level of subjectivity and increase the consistency between sampling levels implemented by different certification bodies across different situations.

The requirements laid down in this standard constitute the minimum requirements for evaluations of Chain of Custody operations in order to ensure that materials and products supplied by certificate holders as FSC-certified are authentic and any associated claims are truthful and correct. It is the responsibility of the certification body to raise any additional evidence in order to substantiate its corresponding certification decisions, if this is deemed necessary.

**Note on use of this standard**

All aspects of this standard are considered to be normative, including the scope, effective date, references, terms and definitions, and annexes, unless otherwise stated.

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## A Scope

Certification bodies shall comply with the applicable requirements of this standard for all Chain of Custody evaluations, including evaluations of single Chain of Custody operations, groups of Chain of Custody operations, organisations acting as Chain of Custody entities with multiple sites, and organizations sourcing materials from non FSC-certified suppliers and/or wanting to supply 'FSC Controlled Wood'.

## B Status and effective date

### B.1 Status

Submitted for approval by the FSC Board of Directors at their 46<sup>th</sup> meeting, November 2007.  
Applicable from the date of publication.

### B.2 Effective date<sup>1</sup>

*Applicant* certification bodies seeking FSC Accreditation for Chain of Custody Certification shall be assessed against this standard *from* 1<sup>st</sup> of January 2008 onwards.

Certification bodies *accredited* for FSC Chain of Custody Certification shall be assessed against this standard *before* 1<sup>st</sup> of January 2009.

*NOTE i: Certification bodies wishing to provide services for FSC Group and Multi-site Chain of Custody certification according to FSC-STD-40-002 and FSC-STD-40-003 before 1<sup>st</sup> of January 2009 shall have been assessed against this standard before providing such services.*

*NOTE ii: Certification bodies wishing to provide services for FSC Controlled Wood according to FSC-STD-40-005 before 1<sup>st</sup> of January 2009 shall have been assessed against this standard before providing such services*

### B.3 FSC normative documents superseded and replaced by this standard

- FSC-ADV-40-009: Waiving CoC Surveillance Audits, Clauses 1 to 7*  
*FSC-ADV-40-010: FSC Requirements for Outsourcing, Section "Certification Body Requirements", Clauses 11 to 16*  
*FSC-POL-40-003: FSC Guidelines for Sampling of Multi-site Organizations for Chain of Custody Certification, Section 3 "Guidelines for Certification Bodies"*  
*FSC-STD-20-010: Chain of Custody Certification Reports*

## C References

- FSC-PRO-40-004: Minor components derogation applications*  
*FSC-STD-20-001: The application of ISO/IEC Guide 65:1996 (E) by FSC-accredited certification bodies*  
*FSC-STD-20-004: Qualifications for FSC certification body auditors*  
*FSC-STD-40-002: Group Certification for Chain of Custody Operations (in development)*  
*FSC-STD-40-003: Standard for Multi-site Certification of Chain of Custody Operations*  
*FSC-STD-40-004 V1: FSC Chain of Custody standard for companies supplying and manufacturing FSC-certified products (Version 1-0)*  
*FSC-STD-40-004 V2: FSC Standard for Chain of Custody Certification (Version 2-0)*  
*FSC-STD-40-004a: FSC Product Classification*  
*FSC-STD-40-004b: FSC Species Terminology*  
*FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood*  
*FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects*

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<sup>1</sup> The 'effective date' of a standard (version) specifies from which date onwards the (new version of a) standard must be implemented and, verified by the responsible conformity assessment provider, complied with by target users for the purposes specified by the 'scope' of the standard, thereby replacing any previous version of the standard (if not otherwise stated) or superseding other normative documents as specified by the standard.

## D Terms and definitions

In the following, definitions are provided that apply for key terms relating to this standard. These terms are underlined in the text below at the first time of their use.

**Auditing time:** Auditing time includes the time spent by an Auditor or Audit Team in planning (including off-site document review, if appropriate), interfacing with organization, personnel, records, documentation and processes, and report writing.

**Central office:** The identified central function (e.g. office, department or person) through which a multi-site organisation or group manager fulfils its responsibilities to the certification body, often identical with the manager/owner (see below). The central office holds ultimate management responsibility for maintaining the Chain of Custody contract with the certification body and will be held responsible for upholding the Chain of Custody system at the participating sites included in the scope of the multi-site or group certificate.

**Chain of Custody:** The path taken by raw materials, processed materials, finished products, and co-/by-products from the forest to the consumer or (in the case of reclaimed/ recycled materials or products containing them) from the reclamation site to the consumer, including each stage of processing, transformation, manufacturing, storage and transport where progress to the next stage of the supply chain involves a change of ownership (independent custodianship) of the materials or the products.

**Chain of Custody certificate:** A certificate is a document issued under the rules of a certification system, indicating that adequate confidence is provided that a duly identified product, process or service is in conformity with a specific standard or other normative document [ISO/IEC Guide 2:1991 paragraph 14.8 and ISO/CASCO 193 paragraph 4.5].

A Chain of Custody certificate issued by an FSC-accredited certification body provides a credible guarantee that there is no major failure in compliance with the requirements of the specified certification standard(s) in any operational site within the scope of the certificate.

Within the FSC certification system there exist three types of Chain of Custody certificates:

- Single Chain of Custody certificates
- Group Chain of Custody certificates
- Multi-site Chain of Custody certificates

**Chain of Custody operation:** Individual, company or other legal entity operating one or more facilities or *sites* within any 'stage' of the forest product supply chain and issuing invoices for materials or products with an FSC claim that can be used by customers to treat such products as certified or make promotional claims.

**Chain of Custody system:** Control system to allow certification claims along the Chain of Custody. Chain of Custody systems have to be established by Chain of Custody operations *within* each stage and *between* successive stages of the supply chain as materials and products are moved from one stage to the next. An effective Chain of Custody system consists of the following main elements (based on: *Technologies for Wood Tracking – Verifying and Monitoring the Chain of Custody and Legal Compliance in the Timber Industry*; Dennis P. Dykstra et al., 2002, World Bank Environment and Social Development East Asia and Pacific Region Discussion Paper):

- (1) Accurate and reliable information on quantities of materials purchased, produced and sold  
A central part of any Chain of Custody system is to gather, record and verify information on quantities and volumes of materials involved. Linking and cross-checking the quantities at subsequent stages of the supply chain provides evidence whether there is any accidentally or intentionally caused irregularity and discrepancy in the system which has to be addressed and corrected.
- (2) Management of critical control points;  
Critical control points have to be managed by systems usually based on the principles of identification, segregation, and documentation:
  - Logs or other products are identified using some type of labelling technology.
  - At each point along the supply chain or within an operation at which material from a certified or controlled source potentially could become mixed with or replaced by material from uncertified or uncontrolled sources, it is segregated and handled or processed separately.
  - Labels affixed to the logs or other products are keyed to documentation so that information on wood volume, species, quality, and other attributes is available to managers of the Chain of Custody system.

(3) Adequate training and supervision of personnel.

A fundamental component of an effective Chain of Custody system is to have the responsible and assigned personnel adequately trained, instructed and supervised to strictly follow the established procedures for Chain of Custody control.

**Controlled material:** Virgin material originating in non FSC-certified forests or plantations from suppliers included in the verification program of organizations certified according to FSC-STD-40-005.

**Critical control points:** Critical control points are those places or situations in the supply chain where materials from uncertified/uncontrolled sources could enter or where certified/controlled materials could leave the system.

**District:** Generic geographical definition within a country, which has similar features and similar risk for controlled wood categories and from which wood is sourced. It can be a county, locality or watershed, and is normally a sub-set of an eco-region.

**Forest Management Unit (FMU):** A clearly defined forest area with mapped boundaries, managed by a single managerial body to a set of explicit objectives which are expressed in a self-contained multi-year management plan.

**FSC Controlled Wood:** Virgin material originating in non FSC-certified forests or plantations supplied with an FSC claim by a supplier which has been assessed by an FSC-accredited certification body for conformity with FSC Chain of Custody and/or FSC Controlled Wood requirements (FSC-STD-40-005 or FSC-STD-30-010).

**Low-risk forest area:** Forest areas classified as having a low risk of supplying wood from the categories as outlined in Section 1.1 of "FSC-STD-40-005: Standard for company evaluation of FSC Controlled Wood."

**Manager / owner:** Organization, enterprise, department or individual acting as a legal entity with one or several operational sites. Where several sites are covered by the scope of a Chain of Custody certificate, a common management system needs to be in place, which is subject to continual surveillance by the organization.

**Manufacturing:** Manufacturing is the mechanical or chemical transformation of raw materials into goods for sale, i.e. into new products. For the purpose of this standard, the term 'manufacturing' is limited to activities or processes where a significant transformation of materials is involved, typically performed by the so-called secondary sector of industry.

**Material category:** Categories of *virgin* or *reclaimed* material that, if *eligible input*, can be used in FSC *product groups*:

- a) *FSC Pure* material:
- b) *FSC Mixed* material:
- c) *FSC Recycled* material:
- d) *FSC Controlled Wood*:
- e) *controlled material*:
- f) *post-consumer reclaimed material*:
- g) *pre-consumer reclaimed material*:

**Minor components:** Forest based *components* of an *FSC Pure* or *FSC Mixed assembled product* constituting less than 5% of the weight or volume of the *virgin* and *reclaimed materials* in the product. Minor components can be exempted from the requirements for Chain of Custody control as specified by this standard.

**Multi-site organisation:** An organisation that has an identified central office and a network of at least two sites. Products from these sites or from identified sets of sites covered by a multi-site certificate must be substantially of the same kind, and must be produced or handled according to fundamentally the same methods and procedures.

**On-product:** Term applied to any label, packaging or marking attached or applied to a product.

Examples of on-product labels or marks include product tags, stencils, heat brands, information on retail packaging for small loose product (such as pencils), protective packaging and plastic wrap.

**Origin:** Forest area where the trees for the wood or fibre were harvested.

**Participant:** Generic term for participating sites as part of multi-site certificates as well as for group members as part of group certificates

**Procedure:** A specified way to carry out an activity or process. Procedures can be documented or not.

**Product:** An item collected, manufactured or prepared for (labelling and) sale.

**Product group:** A product or group of products specified by the organization, which share basic input and output characteristics and thus can be combined for the purpose of FSC Chain of Custody control, percentage calculations and labelling according to the FSC material categories: FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled Wood.

**Promotional use:** Term applied to all statements, claims, trademarks, etc. used to promote products, services or *organizations*, but which are not physically attached or applied to a product itself.

**Sales and transport documentation:** Documents used in commercial transactions between sellers and purchasers where specification and descriptions of products are included. Sales and transport documentation may include order confirmations, invoices, delivery notes and packing lists.

**Scope of Chain of Custody certificates:** The scope of a Chain of Custody certificate defines the sites, products (by product types and labelling category/material status), and processes / activities that are included in an evaluation, together with the certification standard(s) against which these have been audited in order to ensure that products from those sites and processes meet all the applicable requirements. It determines the point at which the certified Chain of Custody system starts (i.e. the point at which the certificate holder takes possession of certified and non-certified material), the basic material-related processes (e.g. processing, manufacture, labelling, storage and/or transport), up to the point at which it finishes (i.e. the point that the certified products leaves the certificate holder's control). Any product which is within the defined scope of the certificate at the time the certificate is issued may be considered to comply with the applicable requirements of relevant certification standard(s).

Products which have already left the Chain of Custody system under evaluation at the time the certificate is issued (i.e. which have been sold or shipped) cannot be considered to be certified and are not eligible to carry the FSC Trademarks.

*NOTE: In the case of joint forest management and Chain of Custody certification, timber that had been felled prior to the issue of a certificate, but which has not yet been sold by the forest management enterprise may be sold as certified.*

Equivalent considerations apply when a Chain of Custody certificate is withdrawn or expires. Certified products which left the evaluated Chain of Custody system whilst the certificate was valid remain certified even after the certificate has been withdrawn. Products which have not yet left the certificate holder's Chain of Custody system at the time the certificate is withdrawn lose their certified status with immediate effect.

**Segregation marks:** Marks or labels used for identification of raw material during transportation or when stored prior to further manufacturing processes. These marks are not reaching final points of sale and exclude marks used for representation of the product at its point of sale (physical location where the products are offered for sale) or used for promotional exhibitions of products.

**Set of sites:** Describes sites that are part of the same stage or link in the Chain of Custody producing or handling essentially the same kinds of products and producing or handling them according to fundamentally the same methods or procedures. A multi-site Chain of Custody certificate for multi-site organisations may cover several sets of sites.

**Site:** A single functional unit of an organisation or a combination of units situated at one locality, which is geographically distinct from other units of the same organisation or the associated network.

*NOTE: Typical examples for sites are processing or trading facilities such as manufacturing sites, remote log yards, sales offices, branches or franchisees.*

One or more sub-sites may be regarded as part of a site if they are an extension of the main site with no purchasing, processing or sales functions of their own (e.g. a remote stockholding and despatch site). In a network of similar operations sites form part of a central Chain of Custody system and are legally or contractually linked with the central office of a multi-site organisation or group scheme.

**Source:** See "Origin".

**Supplier:** Individual, company or other legal entity providing goods or services to a Chain of Custody operation.



## PART I: General requirements

### 1 Principles

- 1.1 FSC certification standards are designed for application at the site level of Chain of Custody operations.
- 1.2 A Chain of Custody certificate issued by an FSC-accredited certification body provides a credible guarantee that, at the time of evaluation, there is no major failure in compliance with the applicable requirements of the relevant FSC certification standard(s) in any operation or site within the scope of the certificate.
- 1.3 In order to provide such a guarantee the certification body shall:
- a) Analyse and describe the Chain of Custody operation and/or group or multi-site scheme to be evaluated in terms of one or more Chain of Custody operational sites;
  - b) Confirm that there is a control system in place that is capable of ensuring that all the applicable requirements of the relevant FSC certification standard(s) are implemented by every operational site, including non-certified suppliers as part of FSC Controlled Wood verification programmes and contractors as part of outsourcing agreements, within the scope of the evaluation;
  - c) Carry out sampling of operational sites, non-certified suppliers<sup>2</sup>, contractors, documents and management records sufficient to verify that the control system is being implemented effectively and consistently across the whole scope of the evaluation, and;
  - d) Carry out sampling of operational sites, non-certified suppliers, contractors, and management records sufficient to provide a credible guarantee that there are no major non-compliances with the applicable performance thresholds specified in the relevant FSC certification standard(s) for the evaluated Chain of Custody operation or (group or multi-site) scheme.
- 1.4 A certificate shall be issued to the company that has direct management responsibility for the Chain of Custody system under their control.
- 1.4.1 Certification bodies may issue a Chain of Custody certificate that covers more than one site or Chain of Custody operation. The following situations are possible:
- a) A single Chain of Custody certificate covering:
    - i. one or more sites as part of the same Chain of Custody operation; or
    - ii. several Chain of Custody operations operating according to the eligibility criteria laid down in ANNEX II of this standard.
  - b) A group Chain of Custody certificate covering several small enterprises acting as Chain of Custody operations under a group scheme certified in accordance with *FSC-STD-40-002 Group Certification for Chain of Custody Operations*.
  - c) A multi-site Chain of Custody certificate covering several participating sites acting as Chain of Custody operations under a multi-site scheme certified in accordance with *FSC-STD-40-003 Standard for Multi-site Certification of Chain of Custody Operations*.

*NOTE: Sampling of sites or Chain of Custody operations for the main evaluation or surveillance audits is only permitted for evaluations of group and multi-site certificates. Each site shall be audited if the scope of the evaluation is a single Chain of Custody operation.*

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<sup>2</sup> The sampling of suppliers is only applicable for suppliers at Forest Management Unit level located in districts that have not been classified as 'low risk' for at least one of the five FSC Controlled Wood categories.

## 2 Documented procedures

- 2.1 The certification body shall document its systems and procedures for evaluating Chain of Custody certificate holders and their operational sites, in compliance with the requirements specified in this standard.
- 2.2 The certification body shall develop documented procedures for evaluating outsourcing.
- 2.2.1 Documented procedures shall include an assessment of the risk to the control of the Chain of Custody system during the outsourcing process. The certification body shall consider an outsourcing arrangement as 'high risk' if one of the following situations applies:
- a) the company is outsourcing a wide range of production related activities;
  - b) the company is outsourcing to a number of contractors on a regular basis;
  - c) contractors grade or sort the material during outsourced processing;
  - d) contractors label the product during outsourced processing;
  - e) contractors do not physically return the FSC-certified product following outsourced processing;
  - f) the company is outsourcing processing across national borders.

## 3 Auditing time

- 3.1 The certification body shall determine, in accordance with documented procedures, the auditing time needed to accomplish a complete evaluation and effective surveillance audits of the company's FSC Chain of Custody control system.
- 3.2 The auditor time determined by the certification body, and the justification for the determination, shall be recorded.

## 4 Certification decision-making

- 4.1 Certification bodies shall make certification decisions based on their evaluation of the Chain of Custody operation's compliance with each applicable requirement specified in the relevant FSC certification standard(s).
- 4.2 All non-compliances with the applicable requirements of the relevant FSC certification standard(s) that are identified by the certification body during main or surveillance audits shall be recorded in the evaluation report or associated checklists.
- 4.2.1 For group and multi-site evaluations, the specification of non-compliances shall distinguish between 'central office level' and 'participant level', where:
- a) Central office level non-compliances may be caused by:
    - i. failure to fulfil a central office responsibility, such as administration, internal inspection, record-keeping, trademark use and others as required by the relevant FSC certification standard(s);
    - ii. failure to ensure that participating sites comply with a Corrective Action Request issued by the certification body or central office;
    - iii. failure(s) of site responsibility, sufficient in number, extent and/or consequences to demonstrate that organizational control has broken down.
  - b) Participant level non-compliance may be caused by:
    - i. failure to fulfil a responsibility as participating site, such as timely provision of adequate information, effective response to internal corrective actions, correct trademark use, etc.;
    - ii. failure to meet the applicable requirements of the relevant FSC certification standard(s) by an operational site,

- 4.2.2 For FSC Controlled Wood evaluations, non-compliances may be caused by
- a) Failure to fulfil a responsibility at the operational level such as administration, internal inspection, record keeping, use of claims for FSC Controlled Wood;
  - b) Failure of the company to ensure that the suppliers included in the company verification program comply with a condition or Corrective Action Requests issued by the company;
  - c) Failure of the company to demonstrate that its risk assessment decision has taken into consideration sufficient and accurate information;
  - d) Evidence of company manipulation of information to arrive to a certain decision on Risk Assessment;
  - e) Failure of the company, sufficient in number, extent and/or consequences to demonstrate that organizational control is operating properly.
  - f) Failure to meet any of the company verification program requirements in FSC-STD-40-005.

*NOTE: Supplier level non-compliances shall result in a Corrective Action Request to the applicant organization.*

- 4.3 The certification body shall evaluate each identified non-compliance to determine whether it constitutes a minor or major non-compliance. Non-compliances shall lead to Corrective Action Requests, suspension or withdrawal of the certificate.

*NOTE: The auditor may also identify the early stages of a problem which does not of itself constitute a non-compliance, but which the auditor considers may lead to a future non-compliance if not addressed by the client. Such observations should be recorded in the main evaluation or surveillance audit report as 'observations' for the benefit of the client.*

- 4.3.1 A non-compliance may be considered minor if:
- a) it is a temporary lapse, *or*
  - b) it is unusual/non-systematic, *or*
  - c) the impacts of the non-compliance are limited in their temporal and organisational scale, *and*
  - d) it does not result in a fundamental failure to achieve the objective of the relevant requirement.
- 4.3.2 A non-compliance shall be considered major if, either alone or in combination with further non-compliances, it results in, or is likely to result in a fundamental failure to achieve the objective of the relevant requirement in the Chain of Custody operation(s) within the scope of the evaluation. Such fundamental failure shall be indicated by non-compliance(s) which:
- a) continue over a long period of time, *or*
  - b) are repeated or systematic<sup>3</sup>, *or*
  - c) affect a wide range of the production, *or*
  - d) are not corrected or adequately responded to by the responsible managers once they have been identified.

- 4.4 The certification body shall consider the impact of a non-compliance, taking account of how it affects the integrity of the affected supply chains for FSC-certified products and the credibility of the FSC trademarks, when evaluating whether a non-compliance results in or is likely to result in fundamental failure to achieve the objective of the relevant requirement.

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<sup>3</sup> The certification body shall determine whether the number and impact of a series of minor non-compliances identified during evaluation is sufficient to demonstrate 'systematic' failure (i.e. failure of management systems). If this is the case then the repeated instances of minor non-compliances shall constitute a major non-compliance.

- 4.5 Corrective Action Requests shall have the following timeframes:
- 4.5.1 Minor non compliances shall be corrected within one (1) year (under exceptional circumstances within two (2) years);
- 4.5.2 Major non compliance shall be corrected within three (3) months (under exceptional circumstances within six (6) months).
- NOTE: Action(s) taken to correct a major non-compliance may continue over a period of time which is longer than 3 months. However, action must be taken within the specified period which is sufficient to prevent new instances of non-compliance within the scope of the certification.<sup>4</sup>*
- 4.6 The certification body shall determine whether the corrective action has been appropriately implemented within its timeframe. If the action taken is not considered adequate, then:
- 4.6.1 Minor non-compliances shall become 'major' non-compliances and shall now be corrected within a maximum period of three (3) months (or in exceptional circumstances six (6) months).
- 4.6.2 Major non-compliances shall lead to immediate suspension of the certificate.
- NOTE: Major non-compliances shall not be downgraded to minor non-compliances.*
- 4.7 The occurrence of five or more major non-compliances in a surveillance audit shall be considered as a breakdown of the company's Chain of Custody system and the certificate shall be suspended immediately.
- 4.8 The certification body shall not issue or re-issue a certificate to a company if there is a major non-compliance with the requirements of the applicable FSC Chain of Custody standard(s).
- NOTE: Corrective action shall be taken by the company and approved by the certification body before a certificate is (re-)issued.<sup>5</sup>*
- 4.9 The certification body shall issue a letter of notification to companies whose certification code (FSC Chain of Custody code or FSC Controlled Wood code) has expired, has been terminated, suspended or withdrawn. The notification letter shall include:
- 4.9.1 A clear statement about the invalid status of the certification code (expired, suspended, withdrawn or terminated);
- 4.9.2 The date from which the invalid status of the certification code is official;
- 4.9.3 The rationale supporting the invalid status of the certification code which shall include, but is not limited to, the breach of the certification contract and the demonstration of non-compliance with the relevant FSC certification standard(s) (including name, version number and date);
- 4.9.4 In case of expired or terminated certification codes, the voluntary decision of the company or the agreement between the company and the FSC-accredited certification body.
- 4.9.5 The requirement to withdraw all uses of the FSC Trademarks and/or of the statement 'FSC Controlled Wood' in any sales and transport documentation;
- 4.9.6 In the case of an expired, terminated, suspended or withdrawn FSC Controlled Wood certification code for the purpose of sourcing controlled material to be included in 'FSC Mixed' product groups: the requirement to stop using controlled material in any FSC production.
- 4.9.7 A statement requiring the company to acknowledge receipt of the letter of notification and their written understanding and acceptance about the invalid status of the certification code;
- 4.10 The certification body shall keep records of all letters of notification sent to companies and their respective acknowledgement of receipt and written understanding.

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<sup>4</sup> This shall be verified through a specific CAR verification audit or document review.

<sup>5</sup> This shall be verified through a specific pre-condition verification audit or document review.

## **5 Reporting**

- 5.1 The certification body shall document its findings and conclusions for each audit related to evaluations of FSC Chain of Custody management systems, group and multi-site schemes or evaluations of FSC Controlled Wood programs, in an audit report following the reporting requirements as specified by ANNEX I of this standard, whether or not a FSC Chain of Custody certificate is issued.

## PART II: Main evaluation

### 6 Analysis and description of operational sites

- 6.1 The certification body shall complete an analysis and description of the operational sites included in the scope of the evaluation, and the structures and systems in place for their management (see ANNEX III).

*NOTE: The results of this analysis and description are required as the basis for subsequent evaluation of the management structure and for sampling the operational sites included in the scope of the evaluation.*

- 6.2 The description shall contain a list of all operational sites included in the scope of the evaluation, with the following information for each of them:
- its ownership;
  - its activities (in terms of pre-processing, manufacturing, trading, etc.);
  - its product range (specifying any applicable categorization as required for the FSC database).
  - its annual production and sales (in terms of the material inflows and outflows, as required by ANNEX I of this standard);
  - its responsibilities for implementation of the relevant certification requirements.

- 6.3 The certification body shall define the scope of the Chain of Custody certificate by the following parameters:

- participating sites acting as Chain of Custody operations;
- products or materials sold as FSC-certified or FSC Controlled Wood in terms of FSC product types<sup>6</sup> together with the associated FSC material category (FSC Pure, FSC Mixed, FSC Recycled, FSC Controlled Wood);
- processes applied to input materials and/or activities performed to the handled products by the certificate holder, participants of multi-site or group schemes, and contractors;
- certification standard(s) against which these processes and activities are audited.

*NOTE (1): The scope may be limited to some subset of sites and/or processes/activities under the control of a client, but must be clearly specified in order for an evaluation to be carried out. The minimum scope will be determined by the FSC product groups that the client wishes to be able to sell as FSC-certified or promote with the FSC trademarks. The scope shall then be specified to include all the sites and processes that need to be audited to ensure that those product groups meet all the requirements of the applicable standard(s).*

*NOTE (2): The certification body may conduct a specific audit to change or expand the scope of a single or multi-site Chain of Custody certificate. The certification body shall have a procedure for carrying out such "expansion of scope" audits.*

### 7 Evaluation of management systems

- 7.1 The certification body shall complete an analysis of the critical aspects of management control required to ensure that the relevant FSC certification standard(s) are implemented over the full range of management operations.

*NOTE: In the case of large multi-site organisations the requirement to evaluate compliance implies the need to evaluate management systems and their functioning at regional and sub-regional offices.*

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<sup>6</sup> The FSC product classification is based on the United Nations Statistics Division (UNSD) "Central Product Classification (CPC)" Version 1.1, ST/ESA/STAT/SER.M/77/Ver.1.1, E.03.XVII.3 as well as the related Standard International Trade Classification (SITC) Revision 3, ST/ESA/STAT/SER.M/34/ Rev.3, E.86.XVII.12. It is made up of a hierarchical system of product classes and associated product types. The minimum level of detail required for defining the scope of a Chain of Custody certificate is information on the level of the product type.

- 7.2 In the case of applicant certificate holders for group or multi-site certificates, the certification body shall also evaluate compliance with the requirements of *FSC-STD-40-002 Group Certification for Chain of Custody Operations* or *FSC-STD-40-003 Standard for Multi-site Certification of Chain of Custody Operations*.
- 7.3 The certification body shall evaluate the capacity of the applicant to implement its management system consistently and effectively as described. This evaluation shall include consideration of:
- The technical resources available (e.g. the type and quantity of equipment);
  - The human resources available (e.g. the number of people involved in management, their level of training and experience; the availability of expert advice if required, etc.).
- 7.4 The evaluation shall include an evaluation of the documentation and records applicable to each level of management, sufficient to confirm that
- management is functioning effectively and as described, particularly with respect to the identified critical control points;
  - participating sites fundamentally operate under the same management systems, procedures and methods for handling the certified goods and whether different sets of sites are identifiable under multi-site schemes.

*NOTE: The certification body may make use of information that is available as a result of previous pre-evaluations and evaluations in relation to FSC certification standards and/or in relation to other standards such as those published by ISO. In all cases the certification body shall make its own, independent decision as to whether the applicant complies with standard(s) being used by the certification body for the evaluation.*

### **Maximum rate of growth for group and multi-site certificates**

- 7.5 The certification body shall define a maximum of operational sites that can be added to the group or multi-site scheme under the evaluated management system, in total and on an annual basis.
- 7.5.1 The annual limit of growth shall not exceed a 100% increase of the number of group members or participating sites compared to the number at the time of the main evaluation.
- 7.5.2 If the certificate holder wishes to exceed this limit a new evaluation of the central office and new sites by the certification body shall be required.

## **8 Selection of participants in group and multi-site certificates**

*NOTE: Section 8 applies only to evaluations of group and multi-site certificates.*

- 8.1 The certification body shall select a *minimum* number (y) of participating sites (x) for evaluation of compliance with the FSC Chain of Custody standard(s), as follows:
- 8.1.1 The minimum number of sites selected shall be at least the square root of the number of participating sites ( $y=\sqrt{x}$ ), rounded to the upper whole number.
- 8.1.2 For (sets of) participating sites under the scope of a multi-site certificate that employ processes or handle certified products where the risk of mixing certified with uncertified material is ruled out (e.g. sites handling exclusively certified products; wholesale/retail branches trading in finished, labelled and packaged products, sites that do not take physical possession of FSC-certified materials or products) a reduced sampling intensity can be applied with 0.6 as a coefficient ( $y=0.6 \sqrt{x}$ ), rounded to the upper whole number.
- 8.1.3 In the case of enterprises with a hierarchical system of offices (e.g. head office, regional office, national office, etc.), the sampling model defined in 8.1.1 applies to each sub-level of hierarchy.

- 8.2 The certification body shall then select specific participating sites to achieve the required sample number for evaluation. In the selection process the certification body shall include at least a 25% random selection of participating sites and shall ensure that the overall sample selected is representative of the entity under evaluation and covers the widest possible range in terms of:
- a) Geographic distribution;
  - b) Activities and/or products produced;
  - c) Size of participating sites;
  - d) Potential weak areas of the management system identified by internal reports and/or certification body assessments;
  - e) Other criteria, as deemed relevant by the certification body.
- 8.3 Where sets of sites have been identified by the central office to be included in the same multi-site certificate they shall be treated as a separate sample and evaluated to 8.1 accordingly.
- 8.4 The certificate holder (i.e. group manager or central office) shall be visited in addition to the selected operations.
- 8.5 If the certification body receives specific information of particular instances or allegations of non-compliance with aspects of the applicable Chain of Custody standard at a specific operation (for example, information received from stakeholders), the certification body shall investigate those instances in a timely fashion. Such instances shall be evaluated to determine whether they constitute major or minor non-compliances with the Chain of Custody standard.

## **9 Evaluation at the level of the operational site**

- 9.1 The certification body shall evaluate each operational site within the scope of the evaluation (in the case of group or multi-site certificates: participating sites selected as part of the sample) against the applicable requirements of the relevant FSC certification standard(s).

### ***Documents and records***

- 9.2 The auditor(s) shall identify and assess management documentation and a sufficient variety and number of records at each operational site selected for evaluation as to make direct, factual observations to verify compliance with the applicable requirements of the relevant FSC certification standard(s) that are under evaluation at that operational site and for which such documents are a necessary means of verification.

### ***Site visits***

- 9.3 The auditor(s) shall visit the sites of each operation selected for evaluation as to make direct, factual observations as to compliance with the applicable requirements of the relevant FSC certification standard(s) that are under evaluation at that operational site and for which such inspection is a necessary means of verification.

*NOTE: If several operational sites are included in the scope of a single Chain of Custody certificate (see clause 1.4.1a) and ANNEX II), this applies to each operational site included in the scope of the Chain of Custody certificate.*

- 9.4 For operations or (sets of) sites that will not take physical possession of FSC-certified materials or products or FSC Controlled Wood in their own or rented facilities, and will not label, alter, store or re-package the products (e.g. sales offices or agents) desk audits may be carried out without the need for on-site visits.

*NOTE: Certification bodies are not obliged to waive on-site visits, even when all these requirements appear to be satisfied. At their own discretion, initially or at any time, they may decide to carry out site visits where and when they consider they are needed to ensure confidence in their certificate.*



### ***Interviews with employees and contractors***

- 9.5 The auditor(s) shall interview a sufficient variety and number of employees and contractors at each operational site selected for evaluation as to make direct, factual observations as to compliance with the applicable requirements of the relevant FSC certification standard(s) that are under evaluation at that operational site and for which such consultation is a necessary means of verification.
- 9.6 As a minimum, interviews shall be conducted to verify training measures and understanding of individual responsibilities at different locations across the operation under evaluation.

## **10 Evaluation of FSC Controlled Wood Programs**

### ***Analysis and description of company risk assessment***

- 10.1 The certification body shall complete an analysis to ensure that the company risk assessment has been implemented in accordance to the requirements established in FSC-STD-40-005.
- 10.2 The certification body shall assess if the results of the company's risk assessment are consistent with the information publicly available related to the five FSC Controlled Wood categories.
- 10.3 The certification body shall input the results of the company's risk assessments in the FSC database, using the format provided by FSC, within 7 days of the issuing of the respective FSC Controlled Wood certification code.

### ***Evaluation of the company verification program***

- 10.4 Certification bodies shall evaluate if the company verification program has been implemented in accordance to all the requirements of FSC-STD-40-005.
- 10.5 The certification body shall review if the information on the origin of the non FSC-certified wood suppliers is appropriately included in the company verification program for FSC Controlled Wood.

*NOTE: The applicant can hire any external organization to implement the company verification program on its behalf, including accredited certification bodies. Nevertheless, the evaluation of the company verification program shall be performed by a different certification body to avoid any conflict of interest.*

### ***Evaluation at the level of suppliers (FMU) for 'unspecified' risk sources***

- 10.6 The certification body shall conduct field audits at the Forest Management Unit (FMU) level to evaluate suppliers' compliance with the requirements of *FSC-STD-40-005*, for sources that cannot be confirmed as low risk.
- 10.7 If the certification body receives specific information of particular instances or allegations of non-compliance with aspects of FSC-STD-40-005, the certification body shall conduct a timely investigation of these instances. Such instances shall be evaluated to determine whether they constitute major or minor non-compliances to the requirements of *FSC-STD-40-005*.
- 10.8 Field audit of the suppliers included in the company verification program shall be conducted by the certification body as soon as the main audit at the operational site level has been completed. Certification bodies may have up to two months to finalize field audits from the date of the main audit
- 10.9 The certification body shall classify the FMUs included in the company verification program as sets of 'like' FMUs for the purpose of sampling. The sets shall be selected to minimize variability within each set in terms of:
- country and district,
  - forest type,
  - ecoregion.

- 10.10 The certification body shall select a minimum number of FMUs for evaluation (x) as follows: For each set of 'similar' FMUs included in the company verification program (y) the company shall select at least 0.8 times the square root ( $y=0.8 \sqrt{x}$ ) rounded to the upper whole number.
- 10.11 For each set of 'similar' FMUs (x) included in the company verification program, the certification body shall select as a minimum (y) 0.8 times the square root ( $y=0.8 \sqrt{x}$ ) rounded to the upper whole number.
- 10.12 For each of the selected suppliers, the certification body shall verify compliance with each of the FSC Controlled Wood categories that cannot be considered as low risk according to *FSC-STD-40-005*.

## **11 Selection and evaluation of contractors operating under outsourcing agreements**

- 11.1 For high risk situations (see clause 2.2), the certification body shall undertake as part of its main evaluation audit a physical inspection of a sample of contractors to be included by the respective outsourced processes or activities in the scope of the company's Chain of Custody certificate.

*NOTE: In the case of multi-site or group schemes, selection of contractors should be coordinated with the selection of the participating sites or group members which have entered into the corresponding outsourcing agreements.*

- 11.2 The sampling number (y) shall be at a minimum the square root of the number of contractors (x), rounded to the upper whole number:  $y=\sqrt{x}$
- 11.3 The certification body shall be satisfied that the risks associated with mixing, substitution or false claims by the company or the contractor are controlled. The certification body shall monitor the Chain of Custody system applied throughout the outsourcing arrangement to ensure that the applicable requirements of the relevant FSC certification standard(s) are complied with.

## **12 Special cases of Chain of Custody certification**

### ***Issue of certificates in the absence of FSC-certified material***

- 12.1 A Chain of Custody certificate may be issued before the company has taken physical possession of FSC-certified material if the certification body is satisfied that an operational Chain of Custody system is in place.
- 12.1.1 In such cases, certification bodies shall require that the company notifies them as soon as FSC-certified stock is available or the production of FSC-certified material has started.
- 12.1.2 The certification body shall carry out a (second) site visit or conduct the first surveillance audit within three months following receipt of such a notification unless the main evaluation has not resulted in any non-compliances related to the management of critical control points.

### ***Certificates and codes for group and multi-site scheme participants***

- 12.2 One single group or multi-site Chain of Custody certificate shall be issued to the certificate holder (group manager or central office) with a list of all the participants (group members or participating sites) either on the certificate itself or in an appendix or as otherwise referred to in the certificate.
- 12.3 The scope specified on the group or multi-site certificate shall make clear that the covered products and processes/activities are performed by the network of participants in the list.

- 12.4 The certification body may issue a sub-certificate for each participant covered by the group or multi-site certificate as follows:
- 12.4.1 The sub-certificate shall include a clear reference to the group or multi-site certificate.
  - 12.4.2 The sub-certificate shall have the same scope, or a sub-scope of the main certificate.
  - 12.4.3 The assigned identifier (see 12.5) shall be appended to the main certificate number.
- 12.5 A unique alphabetical, numerical or alphanumeric identifier shall be assigned to each participant by the certification body for internal record keeping and data management purposes on behalf of FSC.

### **FSC Controlled Wood certification codes**

- 12.6 A single FSC Controlled Wood certification code shall be issued to the company that has direct management responsibility for implementing the FSC Controlled Wood program according to *FSC-STD-40-005*.

*NOTE: Before an FSC Controlled Wood certification code is issued, the company shall have signed a legally enforceable certification agreement with the certification body for chain of custody certification with FSC Controlled Wood in the scope, specifying all the conditions on which issue and maintenance of the certificate depends.*

- 12.7 FSC Chain of Custody certificates with FSC Controlled Wood in its scope issued by FSC accredited certification bodies shall additionally include the FSC Controlled Wood certification code issued by the certification body, in the form: XXX-CW-##### - where XXX are the initials of the certification body agreed with FSC and ##### is a unique six digit number issued by the certification body, which shall be the same as for the corresponding FSC Chain of Custody certificate.
- 12.8 Additional general wording related to FSC Controlled Wood shall only be included on FSC Chain of Custody certificates with prior written consent of FSC.

### **Minor components**

- 12.9 For uses of uncontrolled material in minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the certification body shall evaluate the appropriateness of justifications provided on why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.
- 12.10 For uses of uncontrolled material in minor components between 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the certification body shall submit derogation applications on behalf of organizations applying for or holding an FSC Chain of Custody certificate. Derogation applications shall be sent to the FSC Policy and Standards Program after checking for their completeness according to the specifications included in "FSC-PRO-40-004: Minor components derogation applications".
- NOTE: If a derogation application is considered to be incomplete or submitted without appropriate supporting documentation the certification body shall inform the applicant what further information is required and request re-submission of the application.*
- 12.11 Without a valid derogation, use of uncontrolled material by an organization in minor components which constitute more than 1% of the volume or weight of the virgin and reclaimed materials in an FSC Pure or FSC Mixed assembled product shall prevent the issue of an FSC Chain of Custody certificate or, if the organization is an FSC Chain of Custody certificate holder, shall lead to the immediate suspension of the certificate.
- 12.12 The certification body shall inform derogation applicants about any decision of the FSC Policy and Standards Program in a timely manner.
- 12.13 The certification body shall include the applicant's progress in implementing the stipulated action plan for reducing the use of uncontrolled material for specified minor components in all audit reports.

## PART III: Surveillance audits<sup>7</sup>

### 13 General requirements

- 13.1 Surveillance audits shall follow clear, documented procedures which shall address the elements specified in this part of the standard and shall include in particular:
- Inspection and, if necessary, collecting of relevant records of quantity, descriptions and certification codes of the certified and controlled inputs used by the certificate holder;
  - Sampling of other relevant records;
  - Physical site inspection to verify the consistency and completeness of records and to ensure an operational Chain of Custody system is in place.

- 13.2 The certification body shall carry out a surveillance audit to monitor the certificate holder's continued compliance with the applicable requirements of the relevant FSC certification standard(s) at least annually.

*NOTE: For a certificate that has a five-year duration at least four surveillance evaluations shall take place before the certificate expires (unless clause 13.2.1 applies). However, a surveillance audit may not require a site level visit (see clause 16.2).*

- 13.2.1 For operations or (sets of) sites that have not produced, labelled or sold any FSC-certified material and have not sourced controlled material or sold any FSC Controlled Wood since the previous audit, surveillance audits may be waived.

*NOTE: The decision to waive a surveillance audit on the grounds described above is at the discretion of the certification body. The certification body may require a surveillance audit to be carried out if this is considered necessary to ensure confidence in the certificate.*

- The certification body shall require the certificate holder to sign a declaration stating that no material has been produced, labelled or sold as FSC-certified; sourced as controlled material; or sold as FSC Controlled Wood since the last audit. The declaration shall contain a commitment by the certificate holder to contact the certification body as soon as they wish to produce, label or sell material as FSC-certified; source controlled material or sell FSC Controlled Wood and a commitment to maintain their Chain of Custody system during the period in question.
- At the next surveillance audit the certification body shall review all records back to the annual surveillance audit to ensure that the Chain of Custody system has been maintained and that no material has been produced, labelled or sold as FSC-certified, sourced as controlled material or sold as FSC Controlled Wood.
- Certification bodies shall not waive more than two consecutive surveillance audits.

- 13.3 Surveillance shall include:

- Evaluation of the certificate holder's implementation of all Corrective Action Requests on which certification is based;
- Review of any complaints, disputes or allegations of non-compliance with any applicable aspect of the relevant FSC certification standard(s);
- Evaluation of a sample of sites and records sufficient to verify that management systems (documented or undocumented) are working effectively and consistently in practice, in the full range of management conditions present in the entity under evaluation;
- [FSC-STD-40-005:] Evaluation of the company's risk assessment for all new districts and of the company verification program for the new districts identified as 'unspecified' risk since the previous surveillance audit.

*NOTE: The certification body shall conduct the evaluation of the company's risk assessment and verification program before the company will be able to use that timber as 'FSC Controlled Wood'.*

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<sup>7</sup> The certification body may conduct other types of audits in addition to initial evaluation and surveillance audits, e.g., CAR and pre-condition verification audits or audits aiming at the expansion of the certificate scope.

- 13.4 If (a new version of) an FSC certification standard covering the activities of the operation(s) has been approved with a standards effective date prior to the next scheduled surveillance audit, then this standard (version) shall replace the standard (version) previously used as the standard for evaluation.

## 14 Review of documentation and records

- 14.1 The certification body shall review at minimum:

- a) Any changes to the scope of the certificate, including new Chain of Custody operations or participating sites, and changes in activities;
- b) Changes to the certificate holder's management system;
- c) [FSC-STD-40-005:] Documentation of new districts/suppliers included in the company's FSC Controlled Wood program since the last surveillance audit;
- d) Inventory records;
- e) Purchasing and sales documentation for FSC-certified materials, FSC Controlled Wood and controlled materials (invoices, bills, transport documents, sales contracts);
- f) Confirmations that inputs described as FSC-certified or FSC Controlled Wood were covered by a valid FSC Chain of Custody and supplied with the applicable certification codes;
- g) For the production of
  - i. 'FSC Mixed' and 'FSC Recycled' products: calculations of credits and/or input percentages for each product group within the scope of the certificate;
  - ii. 'FSC Pure (100%)': a sample of records of certified outputs, and confirmation that these can be traced to certified inputs;
- h) Use of the FSC Trademarks (on-product and promotional) and/or, if applicable, use of the statement 'FSC Controlled Wood' in segregation marks, sales and transport documentation;
- i) Training records;
- j) Complaints received.

- 14.2 In addition, for group and multi-site evaluations the certification body shall review and assess:

- a) The list of participating sites;
- b) The rate of change of participating sites (new sites, sites that have left the certificate);
- c) The capacity of the certificate holder's management system to manage any change in scope of the certificate including any increase in size, number or complexity of operational sites within the scope of the certificate;
- d) Formal communication / written documents sent to participants by the certificate holder since the previous certification body surveillance;
- e) Records of monitoring carried out by the certificate holder;
- f) Records of any corrective actions issued by the certificate holder;
- g) Minutes from 'joint committee' meetings, where applicable.

*NOTE: Documentation and records covering the period since the previous evaluation may be submitted to the certification body for review prior to a site visit.*

- 14.3 [FSC-STD-40-005:] The certification body shall verify if the company complies with the complaints requirements in FSC-STD-40-005.

- 14.3.1 Records of complaints and resolution mechanisms shall be assessed by the certification body within the evaluation at the operational site.

## 15 Selection of participants in group and multi-site certificates

- 15.1 In the case of group and multi-site surveillance audits, the number of operational sites visited shall be at least the square root of the number of participating sites with 0.6 as a coefficient ( $y=0.6 \sqrt{x}$ ), rounded to the upper whole number. If new participants (e.g. group members or newly acquired participating sites) have been added to the scope of the certificate since the main evaluation or previous surveillance audit, the new operations shall be sampled separately at the rate given in clause 8.1, as applicable.

*NOTE: Participating sites which have not had any FSC activity according to 13.2.1 since the previous audit do not need to be included in the population of sites (value x in the sample equation) from which the sample is drawn.*

- 15.2 The certification body shall then select specific participating sites to achieve the required sample number. The certification body shall include at least a 25% random selection of operational sites and shall ensure that the overall sample selected is representative of the entity under evaluation and covers the widest possible range in terms of:

- a) Geographic distribution;
- b) Activities and/or products produced;
- c) Size of participating sites;
- d) Potential weak areas of the management system identified by internal reports or certification body assessments (see Section 7);
- e) Stakeholder complaints;
- f) Other criteria, as deemed relevant by the certification body.

- 15.3 At each surveillance audit, the certificate holder (i.e. the group manager or central office) shall be visited in addition to the selected operations.

*NOTE: In exceptional cases the responsible group or multi-site scheme manager may take all of the relevant required documentation, reports, records and manuals to a location other than the certificate holder's office for review by the auditor provided that this does not affect the quality of the assessment of this material and the certificate holder's Chain of Custody control systems.*

## 16 Surveillance at the level of the operational site

### Site visits

- 16.1 The auditor(s) shall visit the sites of each operation selected for evaluation as to make direct, factual observations of the applied Chain of Custody system to ensure compliance with the applicable requirements of the relevant FSC certification standard(s) that are under evaluation at that operational site and for which such site inspection is a necessary means of verification.

*NOTE: If several operational sites are included in the scope of a single Chain of Custody certificate (see clause 1.4.1a) and ANNEX II), this applies to each operational site included in the scope of the Chain of Custody certificate.*

- 16.2 For operations or (sets of) sites that do not take physical possession of FSC-certified materials or products in their own or rented facilities, and do not label, alter, store or re-package the products (e.g. sales offices or agents) desk audits may be carried out without the need for on-site visits.

## 17 Selection of suppliers included in FSC Controlled Wood programs

- 17.1 The certification body shall conduct an annual surveillance of suppliers from districts that cannot be confirmed as low risk according to the sampling requirements included in Section 10 above.

## **18 Selection of suppliers of reclaimed materials**

- 18.1 The certification body shall carry out annual on site verification audits of the organization's supplier audit programme for at least 20% of the selected supplier sites, unless the organization's supplier audits had been carried out by (other) accredited certification bodies.

## **19 Selection and surveillance of contractors operating under outsourcing agreements**

- 19.1 For high risk situations (see clause 2.2), the certification body shall undertake as part of its annual surveillance audit a physical inspection of a sample of contractors included by the respective outsourced processes or activities in the scope of the company's Chain of Custody certificate.

*NOTE: In the case of multi-site or group schemes, selection of contractors should be coordinated with the selection of the participating sites or group members which have entered into the corresponding outsourcing agreements.*

- 19.2 The sampling number shall be at a minimum the square root of the number of contractors (x) with 0.8 as a coefficient ( $y=0.8\sqrt{x}$ ), rounded to the upper whole number.

*NOTE: If a certificate holder starts outsourcing activities after the main evaluation then the first sampling of contractors shall be carried out according to the sampling intensities specified for main evaluations (see clause 11.2).*

- 19.3 The certification body shall evaluate records of material inputs, outputs and transport documentation associated with material used in the manufacture of FSC-certified products.
- 19.4 The certification body shall be satisfied that the risks associated with mixing, substitution or false claims by the company or the contractor have been controlled. The certification body shall monitor the Chain of Custody system applied throughout the outsourcing arrangement to ensure that the applicable requirements of the relevant FSC certification standard(s) are complied with.

## PART IV: Re-evaluation

### 20 Re-evaluation

- 20.1 The certification body may re-issue a certificate that has expired, based on the re-evaluation of the certificate holder's compliance with all applicable aspects of the relevant FSC certification standard(s).
- 20.2 Re-evaluation shall follow the same procedures as for the main evaluation, with the following exceptions:
- 20.2.1 The certification body is not required to prepare a full, new certification report. The original report may be updated to take account of any new findings, but shall include the complete set of observations made during the re-evaluation (ANNEX I, Box 1, Section 5) and on which the decision to re-issue a certificate is based.
- 20.2.2 In the case of group and multi-site schemes, operational sites may be selected at the following reduced sampling rate: the minimum number of sites selected shall be at least the square root of the number of participating sites with 0.8 as a coefficient ( $y=0.8 \sqrt{x}$ ), rounded to the upper whole number.
- 20.3 If (a new version of) an FSC certification standard covering the activities of the operation(s) has been approved with a standards effective date prior to the re-evaluation audit then this standard (version) shall replace the standard (version) previously used as the standard for evaluation.



## **ANNEX I: Chain of Custody Certification Reports**

ISO/IEC Guide 65: 1995 (E) requires that a report on the outcome of the evaluation is brought to the organization's notice by the certification body, identifying any non-conformities that have to be discharged in order to comply with all the certification requirements.

The objective of this annex is to ensure that the certification body decision making entity has sufficient information on which to base its decisions with respect to compliance with FSC Chain of Custody and FSC Controlled Wood requirements, and to help FSC ensure that there is consistency in decision making between different certification bodies.

### **PART I: GENERAL**

#### **1 Language**

- 1.1 Chain of Custody reports may be written in any language at the convenience of clients and the requirements of the certification body's decision making entity.
- 1.2 FSC reserves the right to request a translation of any Chain of Custody report into one of the official languages of FSC, at the expense of the certification body, in order to assess implementation of FSC requirements.

#### **2 Units**

- 2.1 Data presented in the reports shall be in metric system units; or the conversion rates used to convert data from other units to metric system units shall be provided, together with any assumptions made in order to make conversion possible.

#### **3 Title page**

- 3.1 The front of the reports shall clearly identify:
  - a) The name and contact details of the certification body, including contact person and website address;
  - b) The date (day, month and year) the report was last updated;
  - c) The name, address and contact details of the certificate holder and contact person;
  - d) The FSC Chain of Custody certification code;
  - e) The FSC Controlled Wood certification code (if applicable);
  - f) The date of issue of the FSC Chain of Custody certificate.

### **PART II: MAIN EVALUATION REPORT**

#### **4 Content**

- 4.1 The evaluation report shall start with a table of contents.
- 4.2 The order in which information is presented may be determined by the certification body, but the report shall contain at least the information specified in Box 1, below.

## **1 Description of certificate holder**

### **1.1 Basic quantitative information about the certification:**

- a) Type of certificate (single / multi-site / group)
- b) Total number of sites included in scope of the certificate  
*NOTE: Administrative and manufacturing sites need to be considered separately if administrative sites do the invoicing. Legal and trade names shall also be provided.*
- c) For each site within the scope of the certificate:
  - i) the size class (1–6) of the site in terms of annual turnover (class1: < US\$200,000; class 2: US\$200,001 to US\$1,000,000; class 3: US\$1,000,001 to US\$5,000,000; class 4: US\$5,000,001 to US\$25,000,000; class 5: US\$25,000,001 to US\$100,000,000; class 6 > US\$100,000,000);
  - ii) the site activity (forest manager, primary processor, secondary processor, agent, broker, etc);
  - iii) the approximate number of employees (including contractors) working at the site.
- d) For each site within the scope of the certificate a list of:
  - i) the approximate total annual quantity (volume, dry weight, or number of pieces as appropriate) of wood and/or reclaimed wood/fibre *purchased* by the site, according to product types listed in :”FSC-STD-40-004a: FSC Product Classification”;
- e) For each site within the scope of the certificate a list of:
  - ii) The approximate *total* annual quantity (volume, dry weight, or number of pieces as appropriate) of wood and/or reclaimed wood/fibre *sold* by the site, according to product types listed in :”FSC-STD-40-004a: FSC Product Classification”.

### **1.2 Certification scope of the evaluated organization**

- 1.2.1 A copy of the organization’s publicly available FSC product group list with the corresponding information as required by “FSC-STD-40-004 Version 2-0: FSC Standard for Chain of Custody Certification”.
- 1.2.2 A short description of the organization’s processes, covering all the products on the company’s FSC product group list from the point at which the organization takes possession of certified and non-certified material, and covering the basic elements of processing, manufacture, labelling, storage and/or transport up to the point that the certified product leaves the organization’s control.
- 1.2.3 In the case of organizations that need to comply with the requirements of “FSC-STD-40-005: FSC Standard for Company Evaluation of FSC Controlled Wood”, a list of the non-certified suppliers with the description of the wood supplied, species and volume of wood supplied
- 1.2.4 For companies who include outsourcing in the scope of their certificate, the certification body shall include in its evaluation report:
  - a) justification for outsourcing;
  - b) activity of outsourced processes (e.g. planing, storage, drying etc.);
  - c) classification and brief description of the identified risk (e.g. high risk, contractors label the product during outsourced processing);
  - d) the names and contact details of contractors covered by the scope of the Chain of Custody certificate;
  - e) the names and contact details of contractors audited.

## **2 Certification standard(s)**

### **2.1 Reference to the FSC certification standards used including the version number.**

*NOTE: The certification body shall specify the name and reference number in the case of formal FSC pilot tests of draft standards, and include the version of the draft standard against which a certificate was issued as an annex to the report.*

### **3 Chain of custody control system**

- 3.1 A brief, clear description of the system by which the organization maintains control over the Chain of Custody for all products included on the organization's FSC product group list, covering:
- a) Quality management requirements
  - b) Material sourcing
  - c) Material receipt and storage
  - d) Volume control and the applied system for controlling FSC claims (transfer, percentage, and/or credit system)
  - e) Sales and delivery
  - f) Labelling (if applicable)
  - g) Outsourcing arrangements

### **4 Evaluation process**

- 4.1 The evaluation dates (specify actual dates or month, year and duration);
- 4.2 Name(s) of the auditor(s) involved in the evaluation.
- 4.3 Total auditing time and justification for its determination;
- 4.4 A description of the evaluation including, if applicable, pre-evaluation visits.
- 4.5 A description of any action taken after the main evaluation to evaluate corrective action taken by the supplier prior to the issue of the certificate.

### **5 Observations**

- 5.1 An evaluation and description of the critical control points with a risk that uncontrolled timber may enter the certified Chain of Custody system.
- 5.2 Systematic presentation of observations demonstrating compliance or non-compliance with:  
a) each element of the FSC certification standard(s) used for the evaluation;  
b) each category of FSC Controlled Wood, if applicable.
- 5.3 A clear statement whether any non-compliances are considered 'minor' or 'major' non-compliances.
- 5.4 Observations shall be presented separately for each site and group member evaluated in the case of multi-site and group evaluations.

*NOTE: Some requirements may be met centrally by the certificate holder (e.g. by the group manager or central office); other requirements may be met by all participants.*

### **6 Certification decision**

- 6.1 A clear statement as to whether the evaluated organization complies with the requirements of the standard(s).
- 6.2 A clear specification of any conditions (corrective action requests for minor non-compliances) or pre-conditions (corrective action requests for major non-compliances) associated with the certification decision, including major and minor non-compliances related to FSC Controlled Wood requirements.

### **7 Annexes**

- 7.1 Annexes shall include any additional information which supports or confirms the findings or recommendations of the auditor (e.g. photos, copies of invoices, bills of lading, etc).

#### **Box 1: Minimum information required for main evaluation reports**

## PART III: SURVEILLANCE AUDIT REPORTS

### 5 Content

5.1 The surveillance evaluation report shall include at least the following:

#### 1 Background to the surveillance evaluation

1.1 Name and qualification of auditor(s)

1.2 Date of surveillance

#### 2 Observations

2.1 Systematic presentation of observations demonstrating compliance or non-compliance with each requirement of the FSC Chain of Custody, FSC Controlled Wood and other applicable FSC standard(s) used for the evaluation.

2.2 Observations shall be presented separately for each site and group member evaluated in the case of multi-site and group evaluations.

*NOTE: Some requirements may be met centrally by the certificate holder (e.g. by the group manager or central office); other requirements may be met by all participants.*

#### 3 Evaluation of corrective actions

3.1 Systematic and complete evaluation of the organization's compliance with all corrective actions (conditions) remaining to be complied with since the previous evaluation.

#### 4 Surveillance evaluation results

4.1 Clear identification of any minor or major non-compliances identified as a result of the surveillance audit, together with an explanation of the factors that allowed the non-compliances to occur.

4.2 Clear specification of any corrective action requests specified as a result of the surveillance audit, and/or corrective action requests remaining to be closed out from previous evaluations.

#### 5 Database information

5.1 An up-to-date list of all the sites included within the scope of the certificate;

5.2 For each site within the scope of the certificate:

- a) An up-to-date list of the product types purchased and sold by the site;
- b) The approximate *total* quantity (volume, dry weight, or number of pieces as appropriate) of wood and/or reclaimed wood/fibre *purchased* by the site according to product type and material category within each of the specified FSC product groups over the previous calendar year.
- d) The approximate *total* quantity (volume, dry weight, or number of pieces as appropriate) of wood and/or reclaimed wood/fibre *sold* by the site with FSC claims according to product type and material category within each of the specified FSC product groups over the previous calendar year as follows:
  - i) FSC Pure;
  - ii) FSC Mixed;
  - iii) FSC Recycled;
  - iv) FSC Controlled Wood, if applicable.

#### Box 2: Minimum information required for surveillance evaluation reports

5.2 In the event of waived surveillance audits, certification bodies shall attach a justification for waiving the surveillance audit to the appendix of the certification report for the subsequent surveillance audit.

## **PART IV: FSC CONTROLLED WOOD PROGRAMS**

In the case of assessments to verify compliance with “FSC-STD-40-005: Standard for company evaluation of FSC Controlled Wood”, the Chain of Custody reports shall contain a section with the following additional information:

### **6 Company verification programme**

- 6.1 A brief, clear description of the system by which the company monitors its purchases of wood from non-FSC certified suppliers whom it wants to include in its company verification programme of ‘FSC Controlled Wood’.

### **7 Risk assessment**

- 7.1 A brief, clear description of the system by which the company assessed the level of risk of their suppliers, including:
- a) Definition of district;
  - b) Level of assessment;
  - c) Sources of information.

### **8 Use of claims for ‘FSC Controlled Wood’**

- 8.1 A brief description of the company’s use of the statement ‘FSC Controlled Wood’ in segregation marks, sales and transport documentation.

## **PART V: GROUP AND MULTI-SITE SCHEMES**

In the case of group or multi-site evaluations the Chain of Custody reports shall include the following information:

### **9 Description of group or multi-site scheme**

- 9.1 A general description of the type of businesses included within the scope of the evaluation.

- 9.2 A list of all the participants covered by the certificate with the following information:

- a) legal name and contact details of each participant;
- b) the identifier assigned to each participant;
- c) the FSC product group list for each participant.

- 9.3 A general description of how the Chain of Custody is controlled for these businesses on a group or multi-site basis, including a clear description of the division of responsibilities between the certificate holder and the participants.

### **10 Sampling process**

- 10.1 A detailed summary of the sampling process, including:

- a) the structure and rationale of the system;
- b) the stratification/sampling method(s) used;
- c) the number of samples which resulted;
- d) the names of those participants sampled.

- 10.2 An explicit description of the surveillance schedule that will be implemented by the certification body.

### **11 Definition of growth rates**

- 11.1 An explicit statement as to any limit to the size and growth of the group or multi-site scheme (i.e. number of group members or participating sites) that the certification body has specified.

## PART VI: MINOR COMPONENTS

In the case of uncontrolled material being used for minor components the Chain of Custody reports shall include the following information:

### 12 Specifications of minor components

12.1 A detailed description of all minor components specified by the Chain of Custody operation in terms of the following aspects:

- e) common trade name, if applicable;
- f) description of the component function;
- g) volume/weight of the minor component in total and in relation to the overall volume or weight of the virgin and reclaimed materials in the product;
- h) species according to "FSC-STD-40-004b:FSC Species Terminology";
- i) dimensions of the minor component.

12.2 A description of the product(s) that the minor component is used for. The description shall include:

- j) *product type(s)* according to the FSC product classification;
- k) *FSC product group*;

<p><i>NOTE: Uncontrolled material may only be used in minor components as part of FSC Pure and FSC Mixed assembled products.</i></p>
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- l) use of FSC label (yes/no).

### 13 Demonstrated need

13.1 For uses of uncontrolled material in minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product: the Chain of Custody operation's justification why material for the specified components could not be sourced from FSC-certified, controlled or reclaimed sources.

### 14 Derogation applications

14.1 For cases that have received a derogation from the FSC Policy and Standards Program for the use of uncontrolled material in minor components, this shall be stated in the report, together with the conditions of the derogation.

### 15 Progress reports

15.1 The applicant's progress in implementing the stipulated action plan and any conditions established by the approved derogation.

## **ANNEX II: Eligibility criteria for several Chain of Custody operations to be included in the scope of a single Chain of Custody certificate**

A single Chain of Custody certificate may be issued including within its scope the Chain of Custody operations of several legal entities under the following conditions:

1. *One* single Chain of Custody operation within the scope of the Chain of Custody certificate:
  - i. is acting as the certificate holder;
  - ii. is invoicing for certified and non-certified materials or products covered by the scope of the certificate to external clients;
  - iii. controls the use of the FSC Trademarks.
  
2. *All* Chain of Custody operations within the scope of the Chain of Custody certificate:
  - i. operate under an identical ownership structure;
  - ii. are managed under direct control of the certificate holder;
  - iii. have an exclusive business relationship with each other for the output materials or products covered by the scope of the certificate;
  - iv. are located in the same country.

*NOTE: Provisions stipulated by this standard for group and multi-site schemes (e.g., sampling, issue of sub-certificates) do not apply. All sites or operations included in the scope of a single Chain of Custody certificate have to undergo full evaluations by the certification body.*

## ANNEX III: Examples of Chain of Custody Organizational Structures [INFORMATIVE]

### Scenario I: 1 organisation operating 1 site

This is the most simple and common configuration of an organizational makeup for the purpose of Chain of Custody certification where management and Chain of Custody facility usually form an integral whole and are based at the same location:

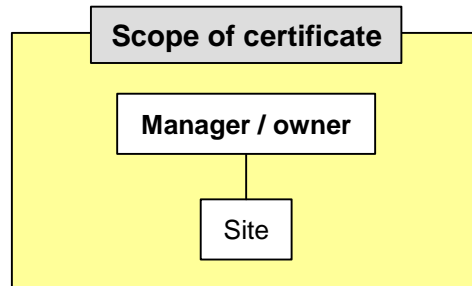


Fig. 1: Structure of a single-site operation

### Scenario II: 1 organisation operating several sites

This is the simplest configuration of a multi-site scheme where one legal entity operates a multitude of sites of which a certain number is included in the scope of a multi-site scheme:

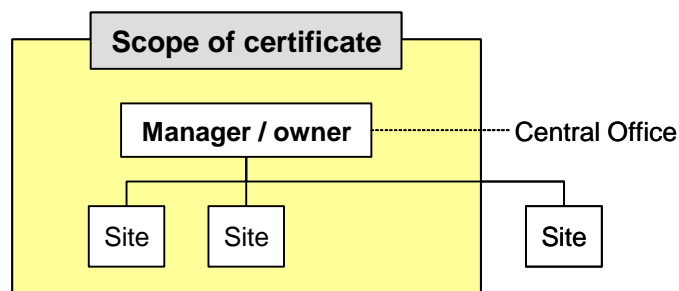


Fig. 2: Exemplary structure of a simple multi-site scheme

### Scenario III: 1 umbrella organisation consisting of several organizational (legal) sub-entities operating with several sites

This scenario applies in particular to internationally operation holding companies with a multitude of legal entities each of which operating one or several Chain of Custody facilities under a centralized management system:

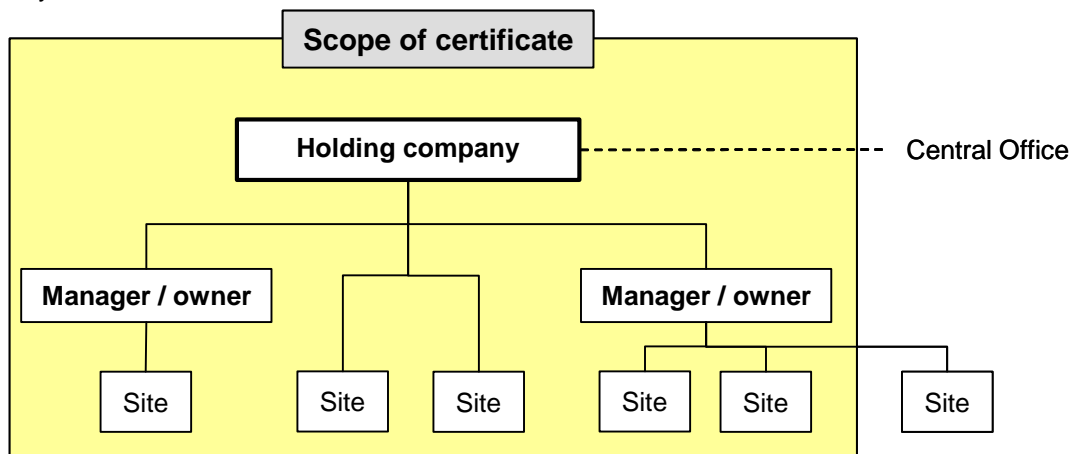
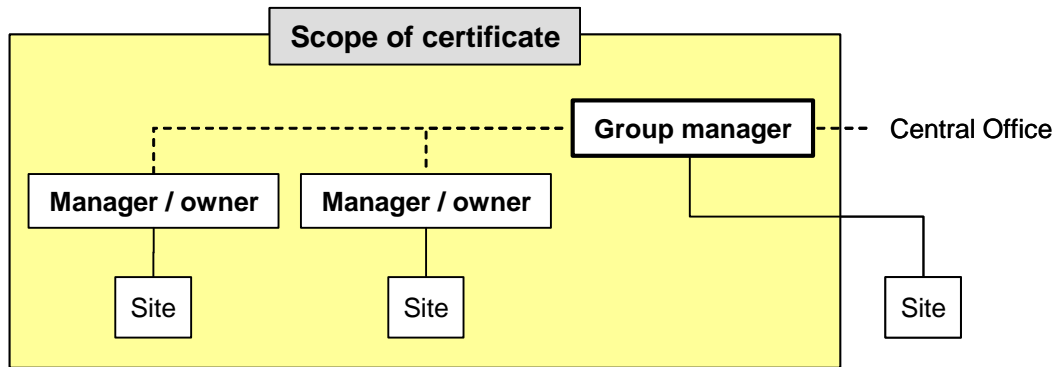


Fig. 3: Exemplary structure of a more complex multi-site scheme



**Scenario IV: Several organisations (legal entities) operating several sites**

This is the typical scenario for small enterprises operating under one central Chain of Custody system organized by a group manager:



**Fig. 4: Exemplary structure of a group scheme**

## ANNEX IV: Chain of Custody stages in relation to industry sectors [INFORMATIVE]

