

FSC® INTERNATIONAL STANDARD

FSC Accreditation Standard for Chain of Custody Evaluations

FSC-STD-20-011 (V1-2) D2-0 EN



Title:	FSC Accreditation Standard for Chain of Custody Evaluations
Document reference code:	FSC-STD-20-011 V1-2 D2-0 EN
Scope:	International
Approval date:	DRAFT FOR PUBLIC CONSULTATION
Effective date:	-
Approved by:	FSC Board of Directors
Contact:	FSC International Center Policy and Standards Unit Charles-de-Gaulle Str. 5 53113 Bonn, Germany Phone: +49-228 / 367-66-0 Fax: +49-228 / 367-6630 E-mail: policy_standards@fsc.org

© 2013 Forest Stewardship Council, A.C. All rights reserved.

Printed copies are for reference only. Please refer to the electronic copy on the FSC website (www.fsc.org) to ensure you are referring to the latest version.

DRAFT 2-0

The Forest Stewardship Council® (FSC) is an independent, not for profit, non-government organization established to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

FSC's vision is that the world's forests meet the social, ecological, and economic rights and needs of the present generation without compromising those of future generations.

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 requirements of the applicable 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.

DRAFT

Contents

A Objective

B Scope

C Status and effective date

D References

E Terms and definitions

PART I: Universal requirements

1 General

2 Evaluation requirements

3 Surveillance evaluations

4 Certification decision

PART II: Evaluating organizations against specific requirements

5 Evaluation of FSC Controlled Wood Programs

6 Evaluation of Group and Multi-site Chain of Custody certificates

7 Evaluation of Supplier Audit Program for reclaimed materials

8 Evaluation of contractors operating under outsourcing agreements

PART III: Chain of Custody evaluation reports

9 Reporting requirements

A Objective

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 certificates as well as organization-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.

B Scope

This document specifies the requirements and procedures to be followed by FSC accredited certification bodies (and applicant certification bodies) to evaluate Chain of Custody operations in order to establish their conformance to applicable certification requirements. It is the responsibility of the certification body to collect evidence and require corrective action as necessary to substantiate its corresponding certification decisions.

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

The standard is divided into three (3) parts:

- Part I provides the universal requirements for chain of custody evaluations.
- Part II provides specific requirements to be applied according to the scope of the evaluation.
- Part III provides the minimum requirements for Chain of Custody evaluation reports.

C Status and effective date

Approval date	tbd
Publication date	tbd
Effective date	tbd
Period of validity	tbd

D References

The following referenced documents are relevant for the application of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

- FSC-STD-20-001: General requirements for FSC Accredited Certification Bodies - the application of ISO/IEC Guide 65:1996 (E)
- FSC-STD-40-003: Chain of Custody Certification of Multiple Sites
- FSC-STD-40-004: FSC Standard for Chain of Custody Certification
- FSC-STD-40-004a: FSC Product Classification
- 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
- FSC-POL-40-002: Group Chain of Custody (COC) Certification: FSC Guidelines for Certification Bodies

FSC normative documents superseded and replaced by this standard

Section 4 of FSC-POL-40-002 (2004) Group Chain of Custody (COC) Certification: FSC Guidelines for Certification Bodies

E Terms and definitions

For the purposes of this international standard, the terms and definitions given in *FSC-STD-01-002 FSC Glossary of Terms*, *FSC-STD-40-004 FSC Standard for Chain of Custody Certification*, *FSC-STD-20-001 General Requirements for FSC Accredited Certification Bodies*, and the following apply:

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) of a certified multi-site or group, that holds ultimate management responsibility for maintaining the certification contract with the certification body and is the party responsible for upholding the Chain of Custody system and ensuring that the requirements of the relevant FSC normative documents are met at the Participating Sites.

Certification: Third-party attestation related to products, processes, systems or persons.

Certification decision: Granting, maintaining, renewing, expanding the scope of, reducing the scope of, suspending, reinstating, or withdrawing certification.

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 conformance to the requirements of the specified FSC normative document(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:

Certified forest materials and 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 certified forest 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.

Evaluation: Systematic examination of the extent to which a product, process or service fulfils specified requirements (term used in ISO/IEC Guide 65).

Typical types of evaluation:

- Pre-Evaluation: assessment to determine the applicant's readiness for their main evaluation.
- Main Evaluation: initial assessment of an applicant for FSC certification.
- Re-Evaluation: assessment for re-certification.
- Surveillance evaluation: see "surveillance".

NOTE: The certification body may also conduct other types of evaluations in addition to the ones listed above, e.g., Corrective Action Request (CAR) and pre-condition verification audits, expansion of scope evaluations, certificate transfer evaluation.

Outsourcing: The practice of contracting an internal business process (activities or tasks that produce a specific service or product) out to a third party organization rather than staffing it internally.

Participating Site: Site included in the scope of a multi-site or group certificate. Subcontractors that are used within the terms of outsourcing agreements are not considered Participating Sites.

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 FSC normative document(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 that were produced in conformance to all applicable FSC normative documents 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.

Site: A single functional unit of an organisation situated at one physical location, which is geographically distinct from other units of the same organisation. Organization's units with distinct physical location may however be regarded as part of a site if they are an extension of it with no purchasing, processing or sales functions of their own (e.g. a remote stockholding). A site can never include more than one (1) legal entity. Subcontractors that are used within the terms of outsourcing agreements (e.g. outsourced warehouse) are not considered sites.

NOTE: Typical examples for sites are processing or trading facilities such as manufacturing sites, sales offices, or company owned warehouses.

Surveillance: Systematic iteration of conformity assessment activities as a basis for maintaining the validity of FSC certification.

Suspension: Temporary invalidation of the FSC certification for all or part of the specified scope of attestation.

Termination: Revocation or cancellation of the certification contract by the certification body or the client according to contractual arrangements.

Withdrawal: Revocation or cancellation of the FSC certification.

Verbal forms for the expression of provisions

[Adapted from ISO/IEC Directives Part 2: Rules for the structure and drafting of International Standards]

“shall”: indicates requirements strictly to be followed in order to conform to the standard.

“should”: indicates that among several possibilities one is recommended as particularly suitable, without mentioning or excluding others, or that a certain course of action is preferred but not necessarily required. A certification body can meet these requirements in an equivalent way provided this can be demonstrated and justified.

“may”: indicates a course of action permissible within the limits of the document.

“can”: is used for statements of possibility and capability, whether material, physical or causal.

DRAFT

The same requirements of this standard apply to all types of Chain of Custody evaluations (e.g. main evaluations, surveillance evaluations, re-evaluations), unless otherwise specified.

PART I: Universal Requirements

1 General

1.1 A Chain of Custody certificate issued by an FSC accredited certification body provides a credible guarantee that all Chain of Custody operations within the scope of a certificate conform to all applicable requirements of the relevant FSC normative documents. 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 certificate to be evaluated in terms of one or more operational sites;
- b) Confirm that there is a control system in place that is capable of ensuring that all the applicable requirements are implemented by every operational site, including non-certified suppliers as part of FSC Controlled Wood and reclaimed material verification programmes, and contractors as part of outsourcing agreements, within the scope of the evaluation;
- c) Where applicable, carry out sampling of operational sites¹, non-certified suppliers², 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;
- d) Confirm that any non-conformity to applicable requirements is adequately addressed by the organization within the established timelines.

NOTE: The Chain of Custody requirements of the FSC Normative Framework are designed to be applied at the site level of Chain of Custody operations, unless otherwise specified in the standards.

1.2 The certification body shall document its systems and procedures for evaluating Chain of Custody certificate holders and their operational sites, in conformance to the requirements specified in this standard.

2 Evaluation requirements

2.1 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.

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.

2.2 The certification body shall define the scope of the Chain of Custody evaluation by the following parameters:

¹ Sampling of sites or Chain of Custody operations is only permitted for evaluations of group and multi-site certificates. All sites or operations included in the scope of a single Chain of Custody certificate have to undergo full evaluations by the certification body.

² The sampling of suppliers is 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 and suppliers of reclaimed material included in a supplier audit program.

- a) Sites acting as Chain of Custody operations;
 - b) Product groups;
 - c) All processes or activities performed by the organization, Participating Sites of multi-site or group certificates, and contractors;
 - d) Applicable FSC normative document(s) against which these processes and activities are audited;
- 2.3 If a new version of an applicable FSC normative document becomes effective prior to the next scheduled surveillance evaluation then this document shall replace the version previously used for evaluation.
- 2.4 The certification body shall determine, in accordance with its documented procedures, the auditing time needed to accomplish each evaluation of the organization's FSC Chain of Custody control system. The auditor time determined by the certification body, and the justification for the determination, shall be recorded in the evaluation report.

Evaluation of management systems

- 2.5 The certification body shall complete an analysis of the of the applicant's management control required to ensure that all applicable requirements of the relevant FSC normative documents are implemented over the full range of management operations, including the identification and analysis of the critical control points.

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

- 2.6 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:
- a) The technical resources available (e.g. the type and quantity of equipment);
 - b) 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);
 - c) For multi-site certificates, the certification body shall identify the complexity and scale of the activities covered by the certificate scope. This information will be used to evaluate the Central Office's ability to manage the number of Participating Sites within the scope of the certificate and determine its annual growth limits.

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 normative documents 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 the applicable certification requirements.

Evaluation at the level of the operational site

- 2.7 The certification body shall evaluate each operational site within the scope of the evaluation (including a sample of Participating Sites of group and multi-site certificates) in order to make direct, factual observations to verify the organization's

conformity to all applicable requirements of the relevant FSC normative documents. The evaluation shall include:

- a) Identification and assessment of management documentation and a sufficient variety and number of records at each operational site selected for evaluation in order to confirm that management is functioning effectively and as described, particularly with respect to the identified critical control points;
- b) Interviews with a sufficient variety and number of employees and contractors at each operational site selected for evaluation, when such consultation is a relevant means of verification of the organization's conformity to relevant requirements of FSC normative documents. As a minimum, interviews shall be conducted to verify training measures and understanding of individual responsibilities at different locations across the operation under evaluation.
- c) Evaluation of the certificate holder's implementation of all applicable Corrective Action Requests;
- d) Review of any complaints, disputes or allegations of non-conformities received by the organization and/or the certification body.
- e) Physical inspection of all sites selected for evaluation³. For sites that do not take physical possession of FSC-certified materials/products or FSC Controlled Wood in their own or rented facilities, and do not label, alter, store or re-package the products (e.g. sales offices), desk audits may be sufficient.

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

3 Surveillance Evaluations

3.1 The certification body shall carry out a surveillance evaluation to monitor the certificate holder's continued conformance to all applicable requirements of the relevant FSC normative documents at least annually.

3.2 For a certificate that has a five-year validity at least four (4) surveillance evaluations shall take place before the certificate expires. The number of surveillance audits may be reduced if Clause 3.3 applies.

NOTE: In the context of surveillance "annually" is to be interpreted as follows: at least once per calendar year, but not later than 15 months after the last audit.

3.3 For operations or 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 evaluations may be waived. However, certification bodies shall not waive more than two (2) consecutive surveillance evaluations.

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

3.4 When a surveillance evaluation is waived, the certification body shall require the certificate holder to sign a declaration stating that no material has been produced,

³ Sampling of sites or Chain of Custody operations is only permitted for evaluations of group and multi-site certificates. All sites or operations included in the scope of a single Chain of Custody certificate have to undergo full evaluations by the certification body.

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.

- 3.5 At the next surveillance evaluation the certification body shall review all records back to the previous annual surveillance evaluation 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.
- 3.6 In addition to the requirements specified in Clause 2.7, at surveillance evaluations the certification body shall review and assess at minimum:
- a) Any changes to the scope of the certificate, including new Chain of Custody operations or Participating Sites, and changes in business activities;
 - b) Changes to the certificate holder's management system;
 - c) Inventory records;
 - d) Purchasing and sales documentation of any materials or products related to FSC certification (invoices, bills, transport documents, sales contracts);
 - e) Confirmations that inputs described as FSC-certified or FSC Controlled Wood were covered by a valid FSC Chain of Custody certificate and supplied with the applicable FSC claims and certification codes;
 - f) Evaluation of systems for controlling FSC Claims:
 - i. Percentage and Credit System: calculations of credits and/or input percentages for each product group within the scope of the certificate;
 - ii. Transfer System: a sample of records of certified outputs, and confirmation that these can be traced to certified inputs;
 - g) The correct use of the FSC Trademarks (on-product and promotional) and the 'FSC Controlled Wood' claim in segregation marks, sales and transport documentation;
 - h) Training records;

4 Certification decision

- 4.1 Certification bodies shall make certification decisions based on their evaluation of the Chain of Custody operation's conformity to each applicable requirement specified in the relevant FSC normative document(s).
- 4.2 All organization's non-conformities to the applicable requirements that are identified by the certification body shall be recorded in the evaluation report or associated checklists.
- 4.3 The certification body shall evaluate each identified non-conformity to determine whether it constitutes a minor or major non-conformity. Non-conformities 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 yet constitute a non-conformity, but which the auditor considers may lead to a future non-conformity if not addressed by the client. Such observations should

be recorded in the evaluation report as 'observations' for the benefit of the client.

4.3.1 A non-conformity shall be considered minor if:

- a) It is a temporary lapse, or
- b) It is unusual/non-systematic, or
- c) The impacts of the non-conformity 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-conformity shall be considered major if, either alone or in combination with further non-conformities, 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 failures shall be indicated by non-conformities which:

- a) Continue over a long period of time, or
- b) Are repeated or systematic⁴, or
- c) Affect a wide range of the production, or
- d) Are not corrected or adequately addressed by the organization once they have been identified.

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

4.5 The Corrective Action Requests timelines commence from the moment when they are formally presented to the certificate holder and no later than 3 months from the audit closing date. Corrective Action Requests shall have the following timeframes:

- a) Minor non-conformity shall be corrected within the maximum period of one (1) year and no later than the next surveillance evaluation (under exceptional and justified circumstances the timeline may be extended to two (2) years);
- b) Major non-conformity shall be corrected within three (3) months (under exceptional and justified circumstances and in the case of main evaluations, within six (6) months).

NOTE: Action(s) taken to correct a major non-conformity 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-conformity within the scope of the certification.

4.6 Organizations that do not close Major Corrective Action Requests issued at main evaluation within the maximum period of six (6) months shall be re-evaluated by the Certification Body in order to continue with the certification process.

4.7 The certification body shall determine whether Corrective Action Requests have been appropriately implemented within their timeframes. If the action taken is not considered adequate, then:

⁴ The certification body shall determine whether the number and impact of a series of minor non-conformities 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-conformities shall constitute a major non-conformity.

a) Minor non-conformity shall become 'major' non-conformity and shall be corrected within a maximum period of three (3) months (or in exceptional and justified circumstances six (6) months).

b) Major non-conformity shall lead to immediate suspension of the certificate.

NOTE: Major non-conformities shall not be downgraded to minor non-conformities.

4.8 The occurrence of five or more major non-conformities in a surveillance evaluation shall be considered as a breakdown of the organization's Chain of Custody system and the certificate shall be suspended immediately. The maximum period that a certificate may remain suspended is twelve (12) months. After this period, the certificate shall be withdrawn.

4.9 For group and multi-site evaluations, the specification of non-conformities shall distinguish between 'Central Office level' and 'Participating Site level', where:

a) Central Office level non-conformities 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 normative document(s);
- ii. Failure to ensure that Participating Sites comply with a Corrective Action Request issued by the certification body or the Central Office;
- iii. Failure(s) of sites' responsibility, sufficient in number, extent and/or consequences to demonstrate that organizational control has broken down.

b) Participating site level non-conformities 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 normative documents.

4.10 Five or more Major Corrective Action Requests issued to the Central Office of a group or multi-site by the certification body shall result in suspension of the entire certificate. Five or more Major Corrective Action Requests issued to a Participating Site of a group or multi-site by the certification body shall result in suspension of that particular Participating Site, but does not necessarily result in the suspension of the entire certificate. Non-conformities identified at the level of a Participating Site level may result in non-conformities at the Central Office level when the non-conformities are determined to be the result of the Central Office's performance (e.g. where identical Corrective Action Requests are issued to several Participating Sites, the Corrective Action Request may be a result of ineffective training or support by the Central Office)

4.11 For FSC Controlled Wood evaluations, non-conformities may be caused by the organization's failure to conform to any of the applicable requirements of the relevant FSC normative documents, including:

- 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 organization to ensure that the suppliers included in the organization verification program conform to a condition or Corrective Action Request issued by the organization;
- c) Failure of the organization to demonstrate that its risk assessment designation has taken into consideration sufficient and accurate information;

- d) Evidence of organizational manipulation of information related to risk assessment designations;
- e) Failure of the organization, sufficient in number, extent and/or consequences to demonstrate that organizational control is operating properly;
- f) Failure in establishing effective control measures to avoid that wood from unacceptable sources are sourced as controlled material or mixed with FSC certified/controlled wood in the Chain of Custody.

NOTE: Supplier level non-conformities may result in a Corrective Action Request to the applicant organization.

- 4.12 A certificate shall be issued to the organization that has direct management responsibility for the Chain of Custody system under their control.

NOTE: Certification bodies may issue a Chain of Custody certificate that covers more than one site, according to the eligibility criteria specified in FSC-STD-40-003 Chain of Custody Certification of Multiple Sites.

- 4.13 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 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.

- 4.14 A Chain of Custody certificate may be issued before the organization has taken physical possession of FSC-certified material if the certification body is satisfied that an operational Chain of Custody system is in place.

- a) In such cases, certification bodies shall require that the organization notifies them as soon as FSC-certified stock is available or the production of FSC-certified material has started;
- b) The certification body shall carry out a (second) site visit or conduct the first surveillance evaluation within three months following receipt of such a notification unless the main evaluation has not resulted in any non-conformities related to the management of critical control points.

- 4.15 In main evaluations and re-evaluations, the certification body shall not issue or re-issue a certificate to an organization that has open major non-conformities.

- 4.16 The certification body shall issue a letter of notification to organizations with certificates that have been expired, terminated, suspended or withdrawn. The notification letter shall include:

- a) A clear statement about the invalid status of the certificate (expired, suspended, withdrawn or terminated);
- b) The date from which the invalid status of the certificate is official;
- c) The rationale supporting the invalid status of the certificate which shall include, but is not limited to, the details of the breach of the certification contract and the demonstration of non-conformities with the applicable certification requirements;
- d) The requirement to withdraw all uses of the FSC Trademarks and/or of the statement 'FSC Controlled Wood' in any sales and transport documentation;
- e) In the case of an expired, terminated, suspended or withdrawn FSC Controlled Wood certification, the requirement to stop making FSC Controlled Wood claims and/or using controlled material in any FSC products;

- f) In the case of suspended certificates, the information that the maximum duration of suspension is twelve (12) months and after this period, the certificate will be withdrawn;
 - g) A statement requiring the organization to acknowledge receipt of the letter of notification in writing.
- 4.17 The certification body shall keep records of all letters of notification sent to organizations and their respective written acknowledgement of receipt.

DRAFT

PART II: Evaluating organizations against specific requirements

5 Evaluation of FSC Controlled Wood Programs

- 5.1 Certification bodies shall evaluate if the organization's verification program has been implemented in accordance to all applicable requirements of the normative FSC Controlled Wood Framework in its currently valid version and any additional guidance provided by FSC.
- 5.2 The certification body shall evaluate the risks associated with sourcing wood from unacceptable sources within the sourcing areas of the organization under evaluation. The certification body shall verify that the organization's procedures actively and effectively avoid wood from unacceptable sources being sourced as controlled material, and that the procedures developed by the organization are adequate based on the size and risk of the supply area(s).
- 5.3 The certification body shall verify that the organization has a robust system for demonstrating the controlled wood sourcing areas and the authenticity of the documentation to prove the district of origin.
- 5.4 The certification body shall verify that the controlled material can be tracked to the district of origin.

Evaluation of organization risk assessments

- 5.5 The certification body shall evaluate the organization's risk assessment results to confirm that the risk designation is adequate and properly justified.
- 5.6 The certification body shall assess if the results of the organization's risk assessment are consistent with the information publicly available at the FSC Global Risk Registry related to the five FSC Controlled Wood categories. In cases where the organization classifies sourcing areas differently from the risk category indicated in the FSC Global Risk Registry, the certification body shall ensure that the organization's classification is clearly justified and evidenced.
- 5.7 The certification body shall publish the public summary of the organization's risk assessment in the FSC database within seven (7) days of the issuing of the respective FSC Controlled Wood certification code and shall ensure that the latest version of the public summary is always available on the FSC database.

Evaluation of the organization verification program for wood supplies from sources designated as 'unspecified risk'

- 5.8 The organization can hire any external organization to conduct the supplier verification of unspecified risk sources (according to Annex 3 of FSC-STD-40-005 V2-1), including its own certification body. The certification body is not required to implement Clauses 5.9 to 5.12 below, if they are hired by the organization to conduct the supplier verification.
- 5.9 The certification body shall verify that the staff and/or organization responsible for the implementation of the organization verification program for unspecified risk sources are qualified for this function.
- 5.10 For each of the FSC Controlled Wood categories classified as unspecified risk, the certification body shall conduct field audits at the forest management unit (FMU) level to evaluate suppliers' conformity with the applicable requirements of the normative FSC Controlled Wood Framework.

- 5.11 The certification body shall classify the FMUs included in the organization 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:
- a) Country and district;
 - b) Forest type (e.g. natural forest, plantation);
 - c) Size and intensity of management.
- 5.12 The certification body shall select a minimum number of FMUs for evaluation as follows: For each set of 'like' FMUs (x) included in the organization's field 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, where "x" is the sample of organization's suppliers calculated according to Annex 3, Clause 1.8 of FSC-STD-40-005 V2-1.

6 Evaluation of Group and Multi-site Chain of Custody certificates

- 6.1 At each evaluation, the certification body shall evaluate the ability of the Central Office to manage the number of Participating Sites of the certificate and approve an annual growth rate up to a limit of 100% based on the number of Participating Sites at the time of the evaluation. Where a certificate has 20 (twenty) or less Participating Sites at the time of the main evaluation, the certification body may approve a growth rate higher than 100%, based on the demonstrated capacity of the Central Office to manage a higher number of Participating Sites.
- 6.2 If the Central Office wants to increase the number of Participating Sites in the certificate scope beyond the approved annual growth rate, the certification body shall audit the Central Office and a sample of the new sites before the growth resumes.
- 6.3 In the audit for inclusion of new Participating Sites, the certification body shall establish a new growth limit for the period between the expansion of scope audit and the next certification body's evaluation.
- 6.4 New Participating Sites added to the certificate scope shall only be considered certified after the certification body has added the new sites to the FSC database of registered certificates. Certification bodies shall enter new sites into the database within one (1) week from the date of receipt of the Central Office's audit report.
- Note: Certification bodies are not required to revise and approve the Central Office's audit reports.
- 6.5 The certification body shall select a sample of the Participating Sites for evaluation of conformity with the applicable FSC normative documents. The number of Participating Sites to be audited shall be calculated as follows:
- a) For main evaluations, surveillance evaluations and re-evaluations:

$Y = R \sqrt{X}$, where:

Y = Number of Participating Sites to be audited by the certification body (rounded to the upper whole number)

R = Risk Index (see Table A)

X = Total number of Participating Sites

NOTE: In the case of surveillance evaluations, Participating Sites which have not had any FSC activity according to Clause 3.3 since the previous certification body evaluation do not need to be included in the population of sites (value "X" in the sample equation) from which the sample is drawn.

- b) For the inclusion of new Participating Sites (beyond the approved annual growth rate):

$Y = R \sqrt{N}$, where:

Y = Number of Participating Sites to be audited by the certification body (rounded to the upper whole number)

R = Risk Index (see Table A)

N = Number of new Participating Sites to be added to the certificate scope.

Table A. Matrix for determination of R (Risk Index)

Note: The R (Risk Index) is obtained by summing-up the scores given to the multi-site certificate under evaluation.

RISK FACTORS		Score	Score Given
Ownership	All Participating Sites are under the same ownership structure	0.1	
	Participating Sites are not under the same ownership structure	0.2	
Complexity	Certificate scope <u>does not</u> include CW verification program (Annex 3 of FSC-STD-40-005 V2-1), supplier audit program for reclaimed materials (FSC-STD-40-007) and/or high risk outsourcing to non-FSC certified contractors	0.1	
	Certificate scope <u>includes</u> CW verification program (Annex 3 of FSC-STD-40-005 V2-1), supplier audit program for reclaimed materials (FSC-STD-40-007) and/or high risk outsourcing to non-FSC certified contractors	0.4	
System for Controlling FSC Claims	Certificate scope includes one system for controlling FSC Claims (e.g. Transfer System)	0.1	
	Certificate scope includes more than one system for controlling FSC Claims (e.g. Percentage and Transfer System)	0.2	
Certificate Size	0 – 40 Participating Sites	0.1	
	41 – 100 Participating Sites	0.2	
	101 - 250 Participating Sites	0.3	
	251 - 400 Participating Sites	0.4	
	> 400 Participating Sites	0.5	
Central Office's Performance	No Corrective Action Request issued to the Central Office in the previous evaluation	0.1	
	Not applicable (there was no previous evaluation)	0.1	
	Only minor Corrective Action Requests in the previous evaluation	0.2	
	1-2 Major Corrective Action Requests in the previous evaluation	0.3	
	3 or more Major Corrective Action Requests in the previous evaluation	0.4	
Audit Type	Annual surveillance evaluation	0.1	
	Re-evaluation	0.2	
	Main evaluation	0.3	
	Audit for inclusion of new Participating Sites in the certificate	0.3	
TOTAL (R = sum of the scores given)			Σ

- 6.6 If new Participating Sites are being added to the scope of a multi-site certificate by the time of a surveillance evaluation or re-evaluation, they shall be considered as an independent set for the determination of the sample size, to be sampled according to the requirements detailed in Clause 6.5 b. After inclusion of new Participating Sites in the certificate scope, the new Participating Sites should be added to the existing ones for determining the sample size for future surveillance evaluations or re-evaluations.

- 6.7 The certification body shall select specific Participating Sites to achieve the required sample number for evaluation. In the selection process the certification body shall include 40% randomly selected 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) Other criteria, as deemed relevant by the certification body.

6.8 Participating Sites with an associated higher risk may be preferred for evaluation over other sites that perform less risky or complex activities. In certificates with non-homogeneous Participating Sites, the certification body shall consider the risk of their activities and select 60% of Participating Sites from the high risk category, unless this is not possible (e.g. less than 60% of the Participating Sites fall under the high risk category). The table B provides examples of risk indicators in order to support the certification body's selection of sites for evaluation.

Table B. Risk indicators of Participating Sites

Indicators of low risk	Indicators of high risk
<ul style="list-style-type: none"> - Transfer system - Low volumes of FSC production/trade - No physical possession of products - Simple or inexistent manufacturing activities - Organizations that only handle or trade FSC certified products - Good performance in previous CB/Central Office audits (e.g. No or few minor CARs) 	<ul style="list-style-type: none"> - Percentage or Credit System - High volumes of FSC production/trade - Complex manufacturing and distribution activities - Controlled Wood verification program - Supplier audit program for reclaimed materials - High risk outsourcing to non-FSC certified contractors - Bad performance in previous CB/Central Office audits (e.g. several minor CARs and/or major CARs)

6.9 The certification body shall avoid visiting the same Participating Sites in consecutive audits, unless this is deemed necessary for the evaluation of Corrective Action Requests or complaints received about the organization.

6.10 The Central Office shall be audited by the certification body in each evaluation in addition to the selected Participating Sites.

NOTE: In exceptional cases the Central Office's representative 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.

6.11 For surveillance evaluations of groups and multi-site certificates, 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 Central Office'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 Participating Sites by the certificate holder since the previous certification body surveillance;
- e) Records of Central Office's audits;
- f) Records of any Corrective Action Requests issued by the Central Office, including follow-up and close-out evidence.

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.

7 Evaluation of Supplier Audit Program for reclaimed materials

- 7.1 For organizations or Participating Sites that have suppliers of reclaimed materials included in a Supplier Audit Program, the certification body shall carry out annual on-site verification audits for at least 20% of the selected supplier sites, unless the organization's supplier audits had been carried out by (other) FSC accredited certification bodies.

NOTE: For group and multi-site certificates, the calculation of the supplier audit sampling shall be conducted at the Participating Site level.

8 Evaluation of contractors operating under outsourcing agreements

- 8.1 The certification body shall conduct a risk assessment of the Chain of Custody control system used during outsourcing activities performed off-site from the certified organization or Participating Site. An outsourcing arrangement shall be classified as 'high risk' if any of the following indicators apply:

- a) The organization outsources all or most of the manufacturing processes of a product;
- b) Contractor grades or sorts the material;
- c) Contractor mixes different input materials (e.g. FSC 100% and Controlled Wood);
- d) Contractor applies the FSC label on the product;
- e) Contractor does not physically return the FSC-certified product following outsourced processing;

NOTE: Even in cases that are not considered 'high risk' as per the indicators above, the certification body may require on-site audits at contractor's facilities if any risk of improper additions or mixing by the contractor is identified.

- 8.2 Even when one or more of the above high risk indicators apply to the outsourced activity, the certification body may approve the low risk categorization if a low risk of contamination may be demonstrated through any of the following indicators:

- a) The product is permanently labelled or marked in a way that the contractor cannot alter or exchange products (e.g. heat brand, printed materials);
- b) The product is palletized, or otherwise maintained as a secure unit that is not broken apart during outsourcing;
- c) There is no risk of contamination, as the contractor handles exclusively (physically and temporally) the materials from the contracting organization;
- d) The contractor is employed for services that do not involve manufacture or transformation of certified products (e.g. warehousing, storage, distribution, logistics)

NOTE: Outsourcing across national borders to countries with Corruption Perception Index (CPI) lower than 50 is always considered high risk activity.

- 8.3 For high risk situations, the certification body shall undertake as part of its evaluation (main evaluation, surveillance evaluation and re-evaluation) a physical inspection of a sample of contractors to be included in outsourced processes or activities in the scope of the organization's Chain of Custody certificate according to the sampling criteria specified in Clause 8.5. In the case of multi-site or group certificates, selection

of contractors shall be coordinated with the selection of the Participating Sites which have been sampled for evaluation of conformance to the FSC Chain of Custody standards.

NOTE: For group and multi-site certificates, the calculation of the contractors sampling shall be conducted at the Participating Site level.

- 8.4 If the organization wants to include new high risk contractors in its certificate scope in the period between the certification body evaluations, the certification body shall conduct an expansion of scope evaluation and conduct a physical inspection of a sample of the new contractors according to the sampling criteria specified in Clause 8.5.

- 8.5 The sampling number (y) shall be at a minimum the square root of the number of high risk contractors (x), rounded to the next whole number: $y=\sqrt{x}$

NOTE: Contractors that hold their own FSC Chain of Custody certificate for the outsourced process and contractors that did not provide outsourcing services to the organization since the last certification body's evaluation do not need to be evaluated by the contracting party's certification body and therefore do not add to the number of contractors (x) in the formula above.

- 8.6 The certification body shall evaluate records of material inputs, outputs and transport documentation associated with material used in the manufacture of FSC-certified products during outsourcing.
- 8.7 The certification body shall be satisfied that the risks associated with mixing, substitution or false claims by the organization or the contractor are controlled. The certification body shall monitor the Chain of Custody system applied throughout the outsourcing arrangement to ensure conformity to the applicable requirements of the FSC normative documents

PART III: Chain of Custody evaluation reports

9 Reporting requirements

- 9.1 The certification body shall document its evaluation findings and conclusions in a report according to the requirements specified in this standard, regardless of whether or not a FSC Chain of Custody certificate is issued. Evaluation reports shall include at least the information specified in Table C below.

Note: The order of presenting information may be determined by the certification body.

- 9.2 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.
- 9.3 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.
- 9.4 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.

Table C. Minimum content of evaluation reports

Item	Minimum content required
1. Cover page	<ul style="list-style-type: none"> a) The name and contact details of the certification body, including contact person and website address. b) The date (day, month and year) of the report. c) Type of evaluation (e.g. Main evaluation). d) The name, address and contact details of the certificate holder and contact person. e) The FSC Chain of Custody certification code. f) The FSC Controlled Wood certification code (if applicable). g) The date of issue of the FSC Chain of Custody certificate.
2. Certificate scope information	<ul style="list-style-type: none"> a) Certificate Type: Single, Group or Multi-site Chain of Custody. b) Product Groups. c) Control system used for making FSC Claims (Transfer, Percentage or Credit System). d) For each site (or Participating Site) within the scope of the certificate: <ul style="list-style-type: none"> i. Name of the organization; ii. Address; iii. The site activity (e.g. primary processor, secondary processor, trader, printer, retailer);

	<ul style="list-style-type: none"> iv. The size class of the site in terms of annual turnover, as specified in the latest version of FSC-POL-20-005; v. For group and multi-site certificates, the identifier/sub-code assigned to each Participating Site.
3. Scope of the evaluation	<ul style="list-style-type: none"> a) The evaluation date(s). b) Name(s) and qualification of certification body auditors. c) Total auditing time and justification for its determination. d) Reference to the FSC normative documents used, including the version number. <p>NOTE: In the case of formal FSC pilot tests of draft normative documents, the certification body shall specify the name and reference number of the draft documents and include the version of the draft document against which a certificate was issued as an annex to the report.</p> <ul style="list-style-type: none"> e) Where applicable, description of any changes to the scope of the certificate, including new Chain of Custody operations or Participating Sites, and changes in business activities.
4. Evaluation findings	<ul style="list-style-type: none"> a) A brief 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: <ul style="list-style-type: none"> i. Quality management requirements; ii. Material sourcing; iii. Material receipt and storage; iv. Volume control and the applied system for controlling FSC claims (transfer, percentage, and/or credit system); v. Sales and delivery; vi. Labelling (if applicable); vii. Outsourcing arrangements. b) Description of the identified critical control points. c) Systematic presentation of findings demonstrating conformity or non-conformity to each element of all applicable FSC normative document(s) used for the evaluation. <p>NOTE: The audit findings shall be presented separately for each Participating Site evaluated in the case of multi-site and group evaluations.</p>

	<p>d) Description and review of any complaints, disputes or allegations of non-conformities received by the organization and/or the certification body.</p> <p>e) Corrective action requests (CARs) issued to the organization as result of the current evaluation, including its specification as major or minor CAR, timelines for conformance, status (open or closed), description of the non-conformity to which the CAR is based. Where applicable, the report shall also include a systematic evaluation of the organization's conformity to CARs issued by the certification body in the previous evaluation.</p> <p>f) For main evaluations and re-evaluations, the certification decision.</p>
5. Outsourcing	<p>a) Name and contact details of contractors covered by the scope of certificate.</p> <p>b) Description of the outsourced processes (e.g. planning, storage, drying).</p> <p>c) Classification and brief description of the identified risk of the outsourced activity (according to Clause 8.1).</p> <p>d) In the case of high risk outsourcing, the report shall include:</p> <ol style="list-style-type: none"> A list of contractors audited by the certification body; A brief description of the certification body's evaluation of records of material inputs, outputs and transport documentation associated with material used in the manufacture of FSC-certified products during outsourcing.
6. Evaluation of FSC Controlled Wood Programs ⁵	<p>a) A brief description of the organization's controlled wood verification program.</p> <p>b) A brief description of the system by which the organization assessed the level of risk of their suppliers, including definition of districts of origin and sources of information.</p> <p>c) Where applicable, a list of suppliers evaluated by the certification body and a brief description of the certification body's field evaluation of organization's suppliers for unspecified risk sources.</p>
7. Group and multi-site evaluations ⁵	<p>a) A general description of how the Chain of Custody is controlled at the group or multi-site level.</p> <p>b) A detailed summary of the certification body sampling</p>

⁵ These requirements apply in addition to the checklists with the evaluation of the organization's conformity to all applicable requirements of the relevant FSC normative documents.

	<p>process, including:</p> <ul style="list-style-type: none">i. The calculation of the number of Participating Sites sampled for the audit, according to the sampling methodology presented in this standard;ii. The names of the Participating Sites audited by the certification body. <p>c) An explicit statement as to the annual growth limits of the group or multi-site certificate that the certification body has specified.</p>
8. Evaluation of Supplier Audit Program for reclaimed materials ⁵	<ul style="list-style-type: none">a) A brief description of the organization's verification program for reclaimed materials.b) A list with the name, contact details of the suppliers evaluated by the certification body.c) A brief description of the certification body's field evaluation of each supplier.
9. Annexes	<ul style="list-style-type: none">a) Annexes may 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).

⁵ These requirements apply in addition to the checklists with the evaluation of the organization's conformity to all applicable requirements of the relevant FSC normative documents.

DRAFT