



Forest Stewardship Council®



Chain of Custody Certification

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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.

Introduction

Chain of custody (COC) is the path taken by products from the forest, or in the case of recycled materials from the reclamation site, to the point where the product is sold with a FSC claim. The COC includes each stage of sourcing, processing, trading and distribution where progress to the next stage of the supply chain involves a change of product ownership.

Any change of ownership in the supply chain of FSC certified products requires the establishment of effective COC management systems at the level of the respective organization and their verification by an independent FSC accredited certification body, if the organization wants to make an FSC claim about their products.

FSC certification of such management systems is designed to provide a credible assurance that products which are sold with an FSC claim are originating from well-managed forests, controlled sources, reclaimed materials, or a mixture of these. FSC COC certification thereby facilitates the transparent flow of goods made from such materials through the supply chain.

FSC-STD-40-004 is the main standard that applies for the certification of all COC organizations and may be combined with complementary standards according to the scope of the organization's certificate, as specified in Table A.

Table A. FSC COC normative framework.

FSC COC Normative Framework		
Main COC standard	Complementary standards	Other normative documents
<div>FSC-STD-40-004 Chain of Custody Certification</div> <div>FSC-STD-40-004a Product Classification</div>	<div>FSC-STD-40-003 Certification of multiple sites</div> <div>FSC-STD-40-005 Sourcing Controlled Wood</div> <div>FSC-STD-40-007 Sourcing Reclaimed Material</div> <div>FSC-STD-50-001 Trademark use</div>	<div>FSC-PRO-40-003 National Group COC criteria</div> <div>FSC-DIR-40-004 COC Directive</div>

Version History

- V1-0** In September 2004, the FSC Board of Directors endorsed the initial version of “FSC-STD-40-004 V1-0: FSC COC standard for companies supplying and manufacturing FSC-certified products”.
- V2-0** This major review of the standard introduced new concepts in COC, such as product groups and the credit system. It took into account the various recommendations from the three technical working group meetings held between October 2005 and February 2007, as well as stakeholder inputs obtained on the various public drafts and on the FSC discussion paper “FSC-DIS-01-013: review and revision of the FSC COC standard.” The V2-0 was approved by the FSC Board of Directors at their 46th meeting, November 2007.
- V2-1** This minor standard review introduced new requirements into the FSC COC regarding the organization’s commitment to FSC values and occupational health and safety. This document version was approved by the FSC Policy Director on 01 October 2011.
- V3-0** This major review of the standard took into account five motions from the FSC General Assembly 2011 (Motions 38, 43, 44, 45, and 46), as well as studies commissioned by FSC International on cross-site credits methodology and options for best valuing pre-consumer reclaimed materials in the FSC system. This document version was approved by the FSC Board of Directors at their **XX** meeting, **[Date]**.

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A Objective

The objective of this standard is to provide the minimum management and production requirements for COC within an organization in order to demonstrate that forest-based materials and products purchased, labelled, and sold as FSC certified are originating from well-managed forests, controlled sources, reclaimed materials, or a mixture of these, and any associated claims are truthful and accurate.

B Scope

This standard specifies the requirements for COC certification with respect to sourcing, handling, labelling, and sale of products as FSC certified, thereby providing a range of options for making FSC claims.

The standard is applicable to all COC organizations trading and/or processing wood-based and non-timber forest products from virgin and/or reclaimed materials, including the primary (harvesting, pre-processing), the secondary (primary and secondary manufacturing), and the tertiary sectors (trading, wholesale, retail, print services).

For a product to be claimed as FSC certified (through a product label and/or sales documentation), there must be an unbroken chain of certified organizations covering every change in legal ownership of the product from the certified forest or reclamation site up to the organization selling it with an FSC claim. COC certification is therefore required for all organizations in the supply chain of forest-based products that have legal ownership of certified products and perform at least one of the following activities:

- a) Sell FSC certified products with FSC claims on sales documents;
- b) Label FSC certified products;
- c) Manufacture or change the composition of products sold with FSC claims;
- d) Promote FSC certified products, except finished and FSC labelled products that may be promoted by non-certificate holders (e.g. retailers) according to FSC-STD-50-002.

COC certification is optional for organizations providing services to certified organizations without taking legal ownership of the certified products, including:

- a) Agents and auction houses arranging the trade of certified products between buyer and seller;
- b) Service providers transporting or temporarily storing certified products;
- c) Contractors operating under an outsourcing agreement according to Section 11 of this standard.

This standard is divided into four (4) parts. Part 1 covers the universal requirements that are mandatory to all COC certificate holders. The requirements specified in Parts 2 to 4 apply according to the scope of each certificate.

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

C Effective and validity dates

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

D References

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

FSC-STD-40-004a FSC Product Classification (Addendum to FSC-STD-40-004)
FSC-STD-40-003 Chain of Custody Certification of Multiple Sites
FSC-STD-40-005 Requirements for Sourcing Controlled Wood
FSC-STD-40-006 FSC Chain of Custody Standard for Project Certification
FSC-STD-40-007 FSC Standard for Use of Reclaimed Material in FSC Product Groups and FSC Certified Projects
FSC-DIR-40-004 FSC Directive on Chain of Custody Certification
FSC-DIR-40-005 FSC Directive on FSC Controlled Wood
FSC-STD-50-001 Requirements for Use of the FSC Trademarks by Certificate Holders
FSC-STD-01-002 FSC Glossary of Terms
FSC-POL-01-004 Policy for the association of organizations with FSC

PART I: Universal Requirements

1 Quality management system

- 1.1 The organization shall implement and maintain a quality management system adequate to its size and complexity to ensure its continuous conformity with all applicable certification requirements, including:
- a) Appointing a management representative that has overall responsibility and authority for the organization's conformity with all applicable certification requirements and defining the personnel responsible for the implementation of each procedure.
 - b) Implementing and maintaining up-to-date documented procedures and work instructions covering the certification requirements applicable to the scope of the certificate. The last approval date and version number of the documented procedures shall be specified.
 - c) Training staff and ensuring their correct implementation of all applicable certification requirements.
 - d) Record keeping, as specified in Section 5 of this standard.
- 1.2 The organization shall define its certification scope including:
- a) All products to be sold with FSC claims;
 - b) All sites where activities related to purchase, sale and physical handling (e.g. storage, processing) of materials and FSC products take place. Organizations including multiple sites in the scope of the certificate shall conform to the requirements specified in *FSC-STD-40-003 Chain of Custody Certification of Multiple Sites*.
 - c) All activities conducted under the terms of outsourcing agreements, as specified in Section 11 of this standard.
- 1.3 The organization shall demonstrate its commitment to the FSC values as defined in the *FSC-POL-01-004 Policy for Association of Organizations with FSC*.
- 1.4 The organization shall demonstrate its commitment to occupational health and safety (OHS). At a minimum, the organization shall have appointed OHS representatives, procedures and training of staff on OHS. Alternatively, other certifications and enforcement of local regulations related to OHS may also be used as evidence of conformity with this requirement.
- 1.5 The organization shall ensure that complaints received regarding the organization's conformity with this standard are adequately considered, including:
- a) Acknowledging receipt of complaints;
 - b) Providing an initial response to the complainant within a time period of two (2) weeks;
 - c) Investigating the complaint and specifying its proposed actions in response to the complaint within two (2) months;
 - d) Taking appropriate actions with respect to complaints and any deficiencies found in processes that affect conformity with the certification requirements;

- e) Notifying the complainant when the complaint is considered to be successfully addressed and closed.
- 1.6 The organization shall have a system in place to ensure that non-conforming products are identified and controlled to prevent its unintended sale and delivery with FSC claims. Where non-conforming products are detected after they have been delivered, the organization shall:
- a) Notify its certification body and all relevant customers in writing within five (5) business days of the non-conforming product identification, and maintain records of that notice;
 - b) Analyse causes for occurrence of non-conforming products, and implement measures to prevent their recurrence;
 - c) Cooperate with its certification body in order to allow the certification body to confirm that appropriate actions were taken to correct the non-conformity.
- 1.7 The organization shall have a method in place to allow the certification body to verify that the organization's recorded FSC input claims match recorded FSC certified output claims of its supplier(s).

NOTE FOR STAKEHOLDERS: This can be achieved in various ways, such as through the FSC Online Claims Platform (ocp.fsc.org) or other methods. Other methods can include manual verification (e.g. material account records specific to each FSC certified trading partner are made available upon request by the respective trading partner or CB) or other automated systems (e.g. systems with a common record of input and output shared between customer and supplier). FSC invites stakeholders to consult and provide their comments on the discussion paper on alternatives for strengthening and streamlining the FSC COC system, which is open for public consultation simultaneously to the FSC-STD-40-004 standard.

2 Material sourcing

- 2.1 The organization shall verify the validity and scope of the certificates of their FSC certified suppliers for any changes that might affect the availability and authenticity of the supplied products at least once a year. This shall be done through one of FSC's official online sources of information (i.e. the FSC database at info.fsc.org, the FSC Online Claims Platform at ocp.fsc.org or the FSC Trademark Portal at trademarkportal.fsc.org).

NOTE: The organization may consider increasing the periodicity for this verification in order to address the risk of having non-conforming products.

- 2.2 On receipt of material or prior to further use or processing the organization shall check the supplier invoice and supporting documentation to confirm its certified status and quantities.
- 2.3 The organization shall ensure that only eligible inputs are used in FSC product groups. Forest-based inputs which are not sourced with FSC claims shall either be reclaimed according to the requirements of *FSC-STD-40-007* or FSC Controlled Wood according to *FSC-STD-40-005* or *FSC-STD-30-010*. Neutral materials are exempt from FSC chain of custody control requirements.
- 2.4 Components that are not part of the product and have secondary functions (e.g. for transportation or protection), may be exempt from COC control requirements. Components which have a functional purpose in the product must conform to COC control requirements (i.e. if the product will have its

function compromised by the removal of this secondary component, then this component also needs to be certified).

NOTE: Packaging that is made from forest-based inputs (e.g. paper or wood) is considered a separate element from the product inside. Therefore, the organization can opt to have either the packaging or its content certified, or both.

- 2.5 Organizations which reclaim materials from primary or secondary processing at their own site may classify the material as belonging to the same or lowest material category as the input from which it was derived. Materials reclaimed from secondary processing may also be classified by the organization as pre-consumer reclaimed material.
- 2.6 An organization may use material held in stock at the time of the main evaluation as well as material received between the date of the main evaluation and the issue date of the organization's FSC chain of custody certificate towards FSC product input calculations, provided the organization is able to demonstrate to the certification body that the materials meet the FSC material sourcing requirements.

3 Material handling

- 3.1 The organization shall ensure that materials used in FSC product groups remain easily identifiable and separable throughout all phases of storage, processing and distribution. This can be achieved by applying one or more of the following options:
 - a) Physical separation of materials;
 - b) Temporal separation of materials;
 - c) Identification of materials.
- 3.2 Companies supplying FSC Controlled Wood may use the statement 'Controlled Wood' without any references to the FSC trademarks in segregation marks during manufacturing or transportation processes or storage. 'Controlled Wood' segregation marks shall be removed if products are finished and/or reaching final points of sale and/or when the segregation marks could be interpreted as commercial labels.

4 Establishment of product groups for the control of FSC claims

- 4.1 Organizations operating the percentage and credit system shall establish product groups for the purpose of controlling FSC claims. Product groups shall be formed by products that:
 - a) Fall under the same product type category according to *FSC-STD-40-004a*;
 - b) Are made of the same input material (e.g. pine lumber) or same set of input materials (e.g. a product group of melamine particle boards, where all products are made of a combination of melamine paper and particle board, but have different dimensions and melamine colors). However, it is acceptable that a particular input material is exchanged by another without the need to establish a separate product group, provided these materials have the same quality (see definition of quality).
 - c) Have similar conversion factors (variation not superior to 10%), if the credit system is applied to the product group.

NOTE: Organizations operating the Transfer System may also establish product groups for the purpose of controlling FSC claims instead of controlling it at Product Type level.

4.2 The organization shall maintain an up-to-date list of product groups or product types as specified in Clause 4.1, specifying for each:

- a) The product type(s) according to the FSC Product Classification (*FSC-STD-40-004a*);
- b) The FSC control system used;
- c) The applicable FSC claims for the outputs;
- d) The input materials used and the respective material categories;
- e) The species (including scientific and common name), where the species information designates the product characteristics and/or where required by applicable timber legality legislations;
- f) The country of harvest where required by applicable timber legality legislations;
- g) The up-to-date conversion factor for each product group or product type.

5 Record keeping and volume control

5.1 The organization shall maintain complete and up-to-date records of conformity with all applicable requirements of this standard for the minimum period of five (5) years. At minimum, the organization shall keep records of the following documents as required to demonstrate conformity with this standard: procedures, training, purchase and sales documents, certification status confirmation of trading partners, material accounting records, product group lists and, where applicable, records of complaints, outsourcing, control of non-conforming products, verification programs for reclaimed and controlled wood materials and proof of compliance with timber legality legislations.

5.2 The organization shall maintain up-to-date material accounting records of materials and products in the scope of the FSC certificate, including:

- a) Purchase and sales documents numbers (i.e. invoice numbers) and dates;
- b) Quantities of inputs and outputs by volume or weight according to the metric system, unless this is not possible due to the product characteristics (e.g. products traded in number of pieces, m²).

5.3 The information registered in the organization's records shall be sufficient to generate summary reports of FSC certified products enabling the certification body's traceability checks and verification that the quantities sold with FSC claims are compatible with the quantities of inputs, their associated percentage or credit claims, and the conversion factor(s). For the purpose of this verification, the certification body might also request access to information on non-certified materials and products.

NOTE: In the case of building contractors and construction companies, the records may be presented as an overview of the all projects where FSC certified materials are used instead of by product.

6 Sales

- 6.1 The organization shall ensure that all sales documents (physical or electronic) issued for products sold with FSC claims include the following information:
- a) Name and contact details of the organization;
 - b) Name and address of the customer;
 - c) Date when the document was issued;
 - d) Description of the product;
 - e) Quantity of product sold;
 - f) The organization's FSC certificate code and/or FSC Controlled Wood code, associated to FSC certified products and/or to FSC Controlled Wood products respectively;
 - g) Clear indication of the FSC claim for each product item or the total products.

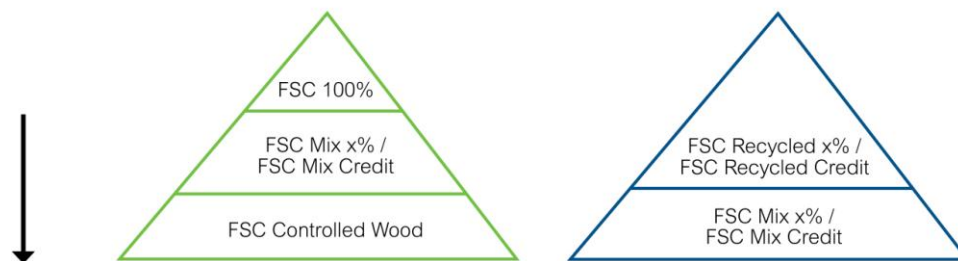
NOTE: For supplies of finished and FSC labelled products, the organization may omit the percentage or credit information in sales documentation (e.g. using "FSC Mix" claim only instead of "FSC Mix 70%" or "FSC Mix Credit"). In this case, however, the subsequent organizations in the supply chain are not allowed to use or put the percentage or credit information back to FSC claims.

- 6.2 If the sales documentation (or copy of it) is not included with the shipment of the product, the related delivery documentation shall include the same information as required in Clause 6.1 and information sufficient to link the sale and related delivery documentation to each other.
- 6.3 If the organization justifies its inability to include the required FSC claim in sales or delivery documents, the required information shall be provided to the customer through supplementary documentation (e.g. supplementary letters). In this case, the organization shall demonstrate that the supplementary method conforms to the following criteria:
- a) There is no risk that the customer will misinterpret which products are or are not FSC certified in the supplementary documentation;
 - b) In cases where the sales documents contain multiple products with different FSC claims, each product is cross-referenced to the associated FSC claim provided in the supplementary documentation.
- 6.4 The organization shall ensure that products sold with FSC claims on sales documentation do not carry any labels from other forestry conformity assessment schemes.
- 6.5 Organizations selling products exclusively made of input materials from small or community producers may include the following statement on sales documents: Product from small or community forest producers.
- 6.6 The Organization shall only sell products with an 'FSC Controlled Wood' claim on sales and delivery documents to FSC certified customers that are certified according to *FSC-STD-40-004* or to applicant projects according to *FSC-STD-40-006*.
- 6.7 The organization may opt to downgrade the FSC claims for the outputs as presented in Figure 1, provided the FSC label applied on products always corresponds to the FSC claim made on sales documents.

NOTE: FSC Recycled products cannot be downgraded to FSC Controlled Wood since they do not meet FSC Controlled Wood requirements.

NOTE: The organization may also apply the same logic for the downgrading of FSC input claims.

Figure 1. Downgrading options of FSC claims for outputs.



6.8 FSC certified building contractors or construction companies that do not invoice FSC certified products to their customers may issue supplementary documents to the invoices issued for construction or other related services. The supplementary document shall include the following:

- a) Reference information sufficient to link the service invoices to the supplementary document;
- b) A list of the FSC certified construction items with the related quantities and FSC claims;
- c) The certification code of the organization.

PART II: FSC Control Systems

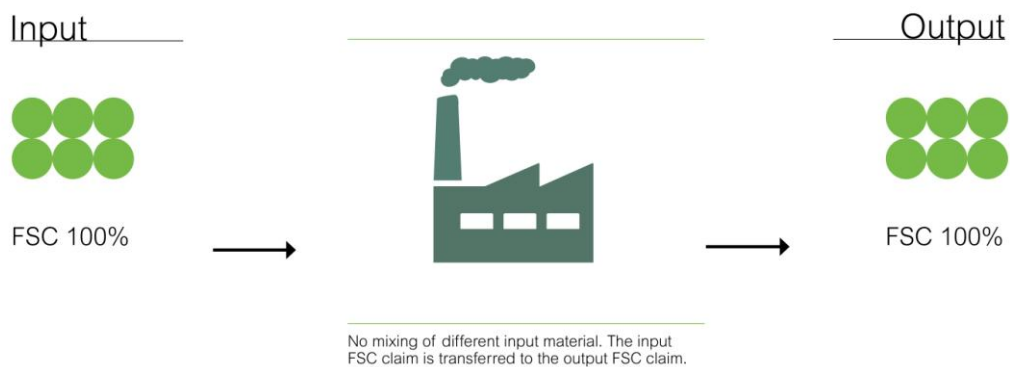
7 Transfer System

The transfer system is a FSC control system which provides a simplified approach for the determination of output claims by transferring the FSC claims of inputs directly to the outputs. The transfer system can be applied in two possible ways:

Scenario A: Products made of a single input material.

In this case, the claim of the single input is transferred to the output.

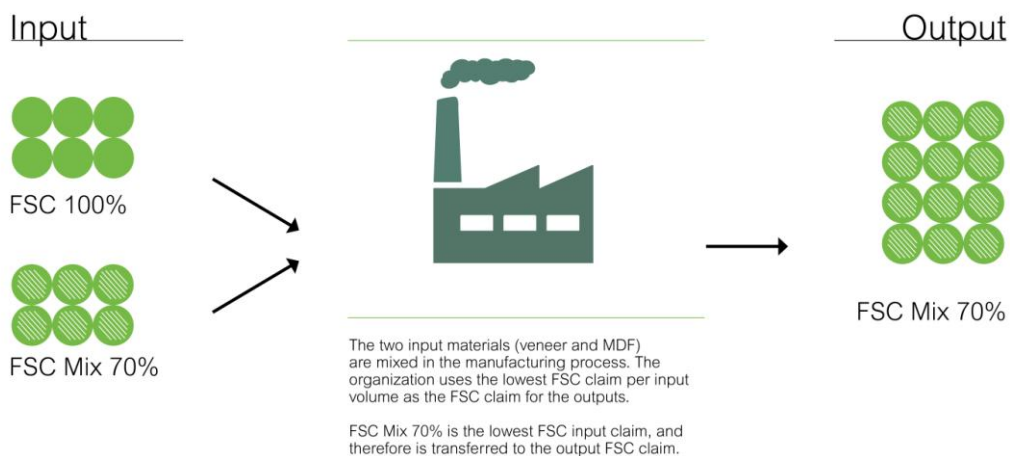
Figure 2: Determination of the FSC output claim in the transfer system for product groups with single input materials.



Scenario B: Products made of a combination of two or more input materials.

In the case of product groups with multiple inputs, the lowest FSC input claim of raw materials is transferred to the outputs (Figure 3).

Figure 3: Determination of the FSC output claim in the transfer system for product groups with multiple materials.



- 7.1 The transfer system shall be applied at the level of a single site.
- 7.2 The transfer system shall be applied to the following activities:
- Trading and processing of products carrying the FSC 100% claim;
 - Trading, distribution, and retail of finished products and paper (e.g. paper merchants);
 - Trading without physical possession;
 - Trading and processing of non-timber forest products (NTFPs), except for bamboo and NTFPs derived from trees (e.g. cork, resin, bark);
 - Trading and processing of food or medicinal products.
- 7.3 The organization shall specify claim periods or job orders for each product group for which a single FSC claim shall be made.
- 7.4 For claim periods or job orders in which inputs belong to a single material category carrying an identical FSC claim (Scenario A), the organization shall determine this to be the corresponding FSC claim for the outputs.
- 7.5 For claim periods or job orders in which inputs of different material categories or associated percentage claims or credit claims are mixed (Scenario B), the organization shall use the lowest FSC claim per input volume as the FSC claim for the outputs, as indicated in Table A.

Table A. Possible combinations of FSC input claims and resulting output claims when applying the transfer system.

Inputs	FSC 100%	FSC Mix Credit	FSC Mix x%	FSC Recycled Credit	FSC Recycled x%	Pre-cons. reclaimed wood	Pre-cons. reclaimed paper	Post-cons. reclaimed wood and paper	FSC Controlled Wood
FSC 100%	FSC 100%	FSC Mix Credit	FSC Mix x%	FSC Mix Credit	FSC Mix x%	No FSC claims are allowed	FSC Mix 100%	FSC Mix 100%	FSC Controlled Wood
FSC Mix Credit		FSC Mix Credit	FSC Mix x%	FSC Mix Credit	FSC Mix x%	No FSC claims are allowed	FSC Mix Credit	FSC Mix Credit	FSC Controlled Wood
FSC Mix x%			FSC Mix x%	FSC Mix x%	FSC Mix x%	No FSC claims are allowed	FSC Mix x%	FSC Mix x%	FSC Controlled Wood
FSC Recycled Credit				FSC Recycled or Mix Credit	FSC Recycled or Mix x%	No FSC claims are allowed	FSC Recycled or Mix Credit	FSC Recycled or Mix Credit	FSC Controlled Wood
FSC Recycled x%					FSC Recycled or Mix x%	No FSC claims are allowed	FSC Recycled or Mix x%	FSC Recycled or Mix x%	FSC Controlled Wood
Pre-cons. reclaimed wood						No FSC claims are allowed	No FSC claims are allowed	No FSC claims are allowed	No FSC claims are allowed
Pre-cons. reclaimed paper							FSC Recycled or Mix 100%	FSC Recycled or Mix 100%	FSC Controlled Wood
Post-cons. reclaimed wood and paper								FSC Recycled or Mix 100%	FSC Controlled Wood
FSC Controlled Wood									FSC Controlled Wood

8 Percentage system

The percentage system is a FSC control system which allows all outputs to be sold with a percentage claim that corresponds to the proportion of claim-contributing inputs over a specified claim period.

Figure 4: Generic percentage system application.



- 8.1 The percentage system shall only be applied on the level of a single, physical manufacturing site and it shall not be applied to activities listed in Clause 7.2.
- 8.2 The organization shall specify claim periods or job orders for each product group for which a single FSC percentage claim shall be made. Claim periods shall not exceed a period of three (3) months.
- 8.3 The organization shall calculate and record the percentage for each claim period or job order by using the following formula:

$$FSC\% = \frac{Q_C}{Q_T} \times 100$$

FSC% = FSC percentage

Q_C = Quantity of claim-contributing inputs

Q_T = Total quantity of eligible forest-based inputs

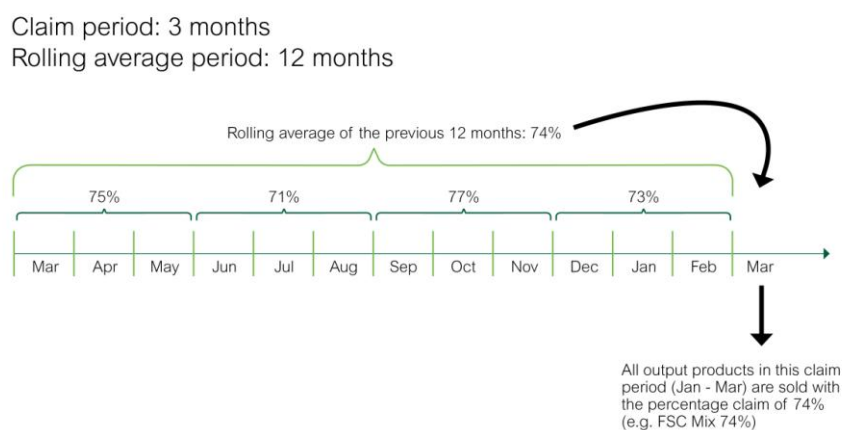
- 8.4 The time period over which the input percentage is calculated shall not exceed twelve (12) months, unless otherwise warranted by nature of the business and approved by the organization's certification body.
- 8.5 For each product group, the organization shall calculate the FSC percentage based on the input to the same claim period or job order (single percentage) or to a specified number of previous claim periods (rolling average percentage).

NOTE: Rolling average calculations as shown in Figures 5 and 6 can also be based on volumes of inputs instead of percentages.

Figure 5: Rolling average percentage calculation based on a claim period of 1 month.



Figure 6: Rolling average percentage calculation based on a claim period of 3 months.



- 8.6 The organization can sell the total output of a claim period or job order with a FSC Mix or FSC Recycled percentage claim that is identical to or lower than the calculated input percentage.
- 8.7 The percentage system may be applied to products carrying the FSC Small or Community Producers label, as long as both FSC certified and FSC Controlled Wood inputs come from small and community producers.

9 Credit system

The credit system is a FSC control system which allows a proportion of outputs to be sold with a credit claim corresponding to the quantity of claim-contributing inputs and the applicable product group conversion factor(s).

Figure 7: Generic credit system application.

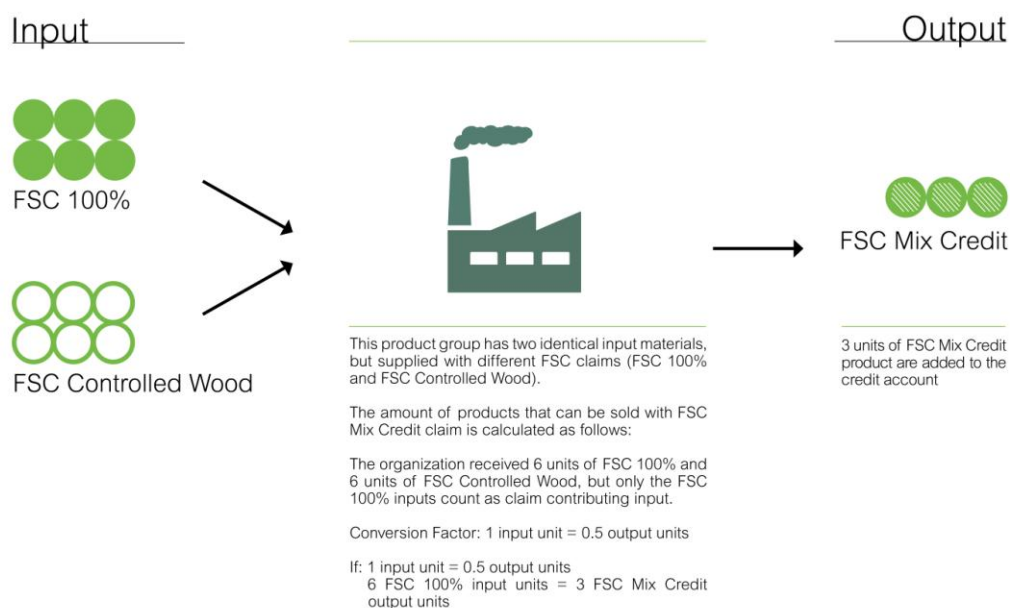
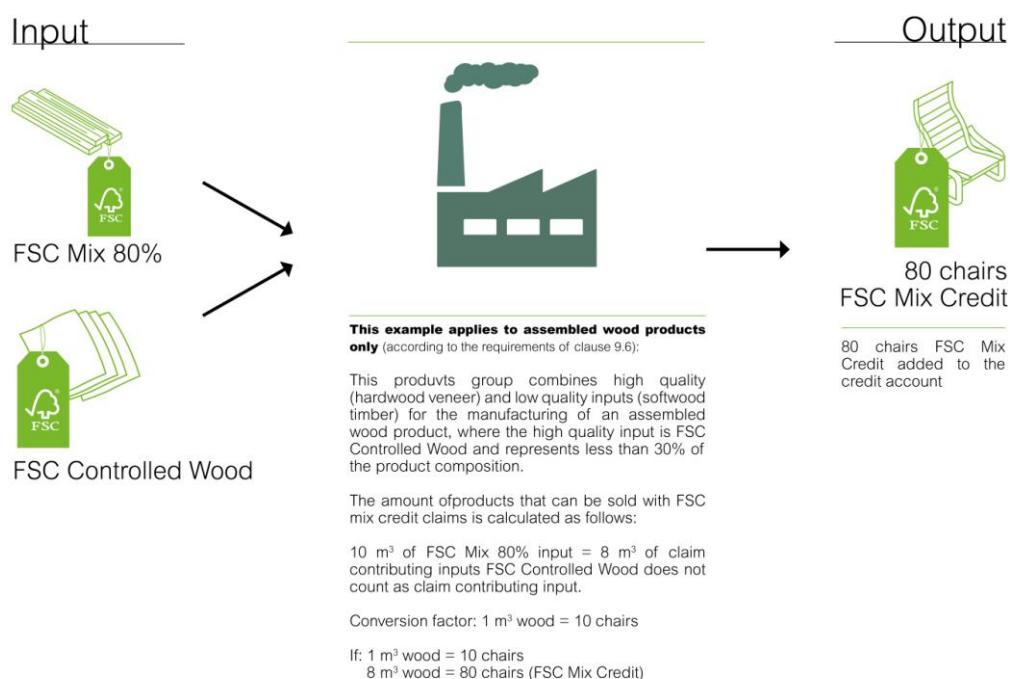


Figure 8: Credit system application for assembled wood products made with inputs of different quality.



- 9.1 The credit system shall not be applied to trading activities, printing activities, processing of products carrying the FSC Small and Community Producers label and to the activities listed in Clause 7.2.
- 9.2 The credit system may be applied at the level of single and multiple sites ("shared credit accounts").
- 9.3 Centralized shared credit accounts covering multiple sites can only be applied if the following conditions are met:
- a) Credits are only shared within the same product group;
 - b) All sites are within the scope of a single or multi-site certificate with a common ownership structure;
 - c) All sites are located in the same country or continent;
 - d) All sites sharing credits shall be physically audited by the organization's certification body during surveillance audits (even if these sites were not included in the annual audit sampling of the multi-site COC certificate);
 - e) Each site participating in a shared credit account shall contribute at least 10% of the input credits used by its own site in a twelve (12) months period. The threshold will be increased from 10% to 15% by 31 December 2021.

NOTE FOR STAKEHOLDERS: Clause 9.3 responds to the FSC Board's decision taken at its 63rd meeting in Russia in June 2013 on the outcomes of the Cross-site Credit Pilot Project. The Board decided that the results of the Pilot Project should feed into the on-going revision process of the COC standard (FSC-STD-40-004) for broader stakeholders' consultation and further deliberation. At the end of the standard revision process the FSC International Board will decide whether or not FSC should allow cross-site credit systems.

During the first public consultation of this standard, some stakeholders recommended FSC to include the use of the OCP in the list of preconditions for shared credit accounts. Since the OCP is still in development phase, we cannot consider this option at this stage. FSC will consider this option based on comments collected during the second round of public consultation of FSC-STD-40-004 and input from the FSC Board.

- 9.4 For each product group, the organization shall ensure that additions and deductions of credits are monthly reconciled.
- 9.5 The organization shall convert the inputs used in the manufacturing of the products into output credit quantities. The determination of output credit quantities shall be achieved by multiplying the input quantities by the applicable conversion factor(s) specified for each product group.
- 9.6 When input material yields a range of output product types (i.e. the same input material generates different output products, such as sawn timber, bark and sawdust), the organization shall establish separate product groups for each output product and shall not sell more of a particular product group than is covered by the material inputs and its respective conversion factors.
- 9.7 The organization shall not establish credit accounts in a way that credits from low quality input materials are exchanged with high quality input materials.
- 9.8 For assembled wood product groups made of inputs of different quality, and where the high quality components are FSC Controlled Wood, the organization

shall ensure that the FSC Controlled Wood material does not represent more than 30% of the product composition.

- 9.9 The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous twenty four (24) months. The FSC credit that exceeds the sum of credits entered into the account within the previous twenty four (24) months period shall be deducted from the credit account at the start of the following month.
- 9.10 For the sale of products with FSC credit claims, the organization shall withdraw the respective credits from the relevant credit account(s).
- 9.11 The organization shall ensure that the credit account is never overdrawn and that records of the remaining credit in the account are up-to-date.
- 9.12 The organization may sell the total output of a claim period or job order from FSC Mix or FSC Recycled product groups with an FSC credit claim provided there are sufficient credits available in the relevant credit accounts.
- 9.13 The organization may supply the portion of the output quantity that has not been sold as FSC Mix Credit material as FSC Controlled Wood, on the basis of a corresponding FSC Controlled Wood credit account. In this case, the sale of FSC Controlled Wood shall be covered by the scope of the organization's COC certificate per *FSC-STD-40-005*.

PART III: Labelling

10 FSC labelling requirements

- 10.1 The organization may apply the FSC label on FSC certified products following the requirements specified in *FSC-STD-50-001*. The type of FSC label shall always correspond to the FSC claim made on sales documents, as specified in Table B.

Table B. FSC claims and corresponding FSC labels.

FSC claims for the outputs	FSC label
FSC 100%	FSC 100%
FSC Mix percentage of at least 70%	FSC Mix
FSC Mix Credit	FSC Mix
FSC Recycled percentage of at least 70% post-consumer reclaimed NOTE: The threshold of 70% applies only to wood products. For FSC Recycled paper products both pre-consumer and post-consumer reclaimed materials count as claim contributing inputs and therefore no threshold applies.	FSC Recycled
FSC Recycled Credit	FSC Recycled

NOTE FOR STAKEHOLDERS: The working group responsible for the COC standard revision proposes the reduction of the labelling threshold of FSC Recycled WOOD products from 85% to 70%. This proposed change aims to simplify the certification rules. Under the current rules, FSC Recycled products that do not reach the 85% threshold can still be labelled as FSC Mix, if the product has more than 70% of certified content. A reduced labelling threshold of 70% for FSC Recycled wood products would enable more companies that produce products with exclusively reclaimed content to apply the FSC Recycled label on their products and would reduce confusion regarding the gap between 70-84%, where only a Mix label is currently applicable.

- 10.2 Only FSC products that are eligible for FSC labelling can be promoted with the FSC trademarks.
- 10.3 Products exclusively made of input materials from small and/or community producers (i.e. FSC certified, FSC Controlled Wood) are eligible to carry the FSC Small or Community Producer label.

PART IV: Supplementary Requirements

11 Outsourcing

- 11.1 The organization may outsource activities within the scope of its COC certificate to FSC certified and/or non-FSC certified contractors.
- 11.2 If the organization outsources activities to an FSC certified contractor, the organization shall verify the scope and validity of the contractor's certificate to ensure that the activities are covered under the scope of a valid certificate.
- 11.3 Prior to outsourcing the processing or production of FSC-certified materials to a new contractor, the organization shall inform its certification body about the outsourced activity, names, contact details of the contractor and the justified risk classification based on the requirements specified in Clauses 11.5 and 11.6.
- 11.4 The organization shall establish an outsourcing agreement with each non-FSC certified contractor, specifying that the contractor shall:
- a) Conform with all applicable certification requirements and applicable organization's procedures related to the outsourced activity;
 - b) Not use the FSC trademarks for promotional use or use the organization's certificate code on sales and transport documents;
 - c) Not further outsource any processing (i.e. the material may not pass from one outsourcing contractor to another under the outsourcing agreement);
 - d) Accept the right of the organization's certification body to audit the outsourced contractor;
 - e) Notify the organization in the period of 10 (ten) business days in case the contractor is included in the list of organizations that are disassociated from FSC, according to the *FSC-POL-01-004 Policy for Association of Organizations with FSC*, and therefore become ineligible to provide outsourcing services to FSC certified organizations.
- 11.5 The organization shall classify its contractors as low or high risk outsourcing. An outsourcing activity 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) The contractor grades or sorts the material (e.g. classifying wood according to its quality, size, or colour);
 - c) The contractor applies the FSC label on the product;
 - d) The contractor does not physically return the products to the organization;
 - e) Outsourcing is done across national borders to countries with Transparency International's Corruption Perception Index (CPI) lower than 50.
- 11.6 Even when one or more of the high risk indicators apply, the organization can downgrade the risk to "low" if any of the following indicators apply:
- a) The product is permanently labelled or marked in a way that the contractor cannot alter or exchange the products (e.g. heat brand, printed materials);

- b) The product is palletized, or otherwise maintained as a secure unit that is not broken during outsourcing;
- c) The contractor is employed for services that do not involve manufacturing or transformation of certified products (e.g. warehousing, storage, distribution, logistics);
- d) The contractor is an FSC certified organization that includes outsourcing services within the scope of its certificate.

NOTE: For high risk outsourcing, the certification body undertakes a physical inspection of a sample of contractors as part of the organization's evaluation (main evaluation, surveillance evaluation and re-evaluation). Even in cases that are not considered "high risk," the certification body can require on-site audits at contractor's sites if a risk of potential contamination is identified.

11.7 The organization shall have and maintain an up-to-date control system with documented procedures for the outsourced processes, which shall be shared with the contractor(s). The procedures shall ensure that:

- a) The material used for the production of FSC certified material can be tracked and controlled and cannot be mixed or contaminated with any other material during outsourced processing;
- b) The contractor keeps records of inputs, outputs, and delivery documentation associated with all FSC certified material which is processed or produced under the outsourcing contract or agreement.

11.8 The organization shall maintain the legal ownership of all materials during outsourcing.

NOTE: Organizations are not required to re-take physical possession of the products following outsourcing (i.e. products may be shipped directly from the contractor to the organization's customer).

11.9 If the contractor is applying labels to the product on behalf of the organization, the organization shall ensure that the contractor only labels the products covered by the scope of the organization and produced under the outsourcing agreement.

11.10 When the organization acts as a FSC certified contractor, it shall include the outsourcing services under the scope of its FSC certificate ensuring that all applicable certification requirements are met.

11.11 When the organization acts as a FSC certified contractor and the contracting organization is non-FSC certified, it is acceptable that the contracting organization buys the raw material for the outsourced processing provided that the material is shipped directly from an FSC certified supplier to the organization. (i.e. the non-certified contracting organizations shall not take physical possession of the materials before outsourcing). The organization shall be provided with a copy of the invoice(s) from the delivering supplier(s) and, if not identical, from the billing supplier(s) that include(s) information sufficient to link the invoice(s) and related transport documentation to each other.

NOTE: Information on prices can be blacked out.

12 Compliance with timber legality legislation

12.1 The organization shall ensure that its FSC certified products conform with all applicable timber legality legislation, and shall collaborate with its direct customer and customers further down in that chain to whom these legislation apply. This includes:

- a) Having procedures in place to ensure the import and/or export of FSC certified products conformity with all applicable trade and custom laws;
- b) Upon request, to timely collect and provide information on species (common and scientific name) and country of harvest (or more specific location details if required by legislation) to direct customers and/or organizations further down in the supply chain that need this information to comply with timber legality legislation. The form and frequency of providing this information may be agreed between the organization and its customers;
- c) Ensuring that FSC certified products containing pre-consumer reclaimed wood (except reclaimed paper) being sold to companies located in countries where timber legality legislation applies, these either:
 - i) Only include pre-consumer reclaimed wood materials that conform with FSC controlled wood requirements according to *FSC-STD-40-005*, or
 - ii) Inform their customers about the presence of pre-consumer reclaimed wood in the product and support their due diligence system as required by applicable timber legality legislation.

NOTE: FSC certificate holders applying option c (ii) above may apply the requirements for co-products outlined in Clause 2.4 of *FSC-STD-40-005 V3-0*.

E Terms and definitions

For the purposes of this standard, the terms and definitions given in *FSC-STD-01-002 FSC Glossary of Terms* and the following apply:

Assembled products: Products that are constructed from two or more solid wood and/or chip and fibre components, assembled together to form another product (e.g. furniture, musical instruments, plywood, laminated products, packaging and printed materials containing different paper components).

By-product: Output produced during the process of primary manufacturing of another (principal) product from the same inputs (e.g. sawdust, chips generated during lumber processing).

Chip and fibre products: All products that use input-wood that has been chipped or defibrated (e.g. pulp, paper, print materials, cardboard, particleboard, fibreboard).

Claim-contributing input: Input material that counts towards the determination of the FSC Mix or FSC Recycled claims for products controlled under the percentage or credit system. The claim-contributing inputs are the following: FSC certified materials, post-consumer reclaimed materials and pre-consumer reclaimed paper (Note: this last category excludes other pre-consumer reclaimed materials, such as wood and cork). The amount of input materials received with FSC Mix x% or FSC Recycled x% claims that count as claim-contributing input are proportional to the percentage stated on the supplier's sales documents.

NOTE FOR STAKEHOLDERS: The addition of pre-consumer reclaimed paper as claim-contributing input responds to the FSC Board decision on Motion 38 from the FSC General Assembly 2011. In 2011, the FSC membership mandated the FSC International to conduct a chamber-balanced study to evaluate the risks and benefits of valuing pre-consumer reclaimed paper fibre materials as FSC certified content. The study was drafted as a discussion paper, based on stakeholder input collected through an FSC membership survey, a stakeholder workshop and phone interviews with paper companies. Between 25 September 2013 and 15 January 2014, the discussion paper was publicly consulted with the FSC membership and interested stakeholders. The results of the study and consultation feedback showed the FSC membership support to the proposal of granting pre-consumer paper fibre the same value as post-consumer material and as certified virgin fibre. The FSC Board in its 66th meeting (July 2014) decided to classify pre-consumer reclaimed paper to count as a claim-contributing input towards percentage and credit calculations. The study and FSC Board decision excluded other pre-consumer reclaimed forest-based materials such as wood and cork. Based on stakeholder feedback received during the first consultation, FSC will conduct a separate study to evaluate risks, impacts, and opportunities in changing the classification of other pre-consumer reclaimed materials.

Claim period: A period of time which has been specified by the organization for each product group for the purpose of making a specific FSC claim.

Complaint: An expression of dissatisfaction provided in writing and supported by facts by a third party in relation to the organization's conformity with this standard.

Component: An individual and distinguishable part of an assembled product.

Contracting organization: Individual, company, or other legal entity using a contractor for any activities under the scope of the FSC COC certificate (e.g. storage or processing of FSC certified products) under an outsourcing agreement.

Contractor: Individual, company, or other legal entity contracted by an organization for any activities under the scope of the FSC COC certificate (e.g. storage or processing of products) under an outsourcing agreement.

Controlled material: Input material supplied without any FSC claim which has been assessed to be in conformity with FSC Controlled Wood requirements according to the standard *FSC-STD-40-005 Requirements for Sourcing Controlled Wood*.

Conversion factor: The ratio between material quantity entering and leaving a given transformation process used by the organization. The conversion factor is calculated by dividing the output quantity by the input quantity and is applied to the whole product or to each individual component of a product. Quantities shall be measured in the metric system.

Credit account: A record kept by an organization operating a credit system which lists entries and withdrawals of volume credits for the purpose of controlling the quantity of products that are eligible to be sold with FSC Mix Credit or FSC Recycled Credit claims.

Credit System: FSC control system which allows a proportion of outputs to be sold with a credit claim corresponding to the quantity of claim-contributing inputs and the applicable conversion factor(s).

Delivery documents: Document accompanying a shipment of goods that lists physically or electronically the description, grade, and quantity of the goods delivered. Delivery documents are also called delivery notes, shipping documents, or transport documents.

Eligible input: Virgin and reclaimed input material that is eligible to enter a specific FSC product group depending on its material category and the FSC control system used.

End-consumer: Person or organization that purchases and uses a product rather than one that produces or sells it.

Finished product: A product that will not undergo further transformation in terms of processing, labelling or packaging prior to its intended end use or sale to the end-consumer. Installation of finished products, the filling of packaging and cutting into size are not considered product transformation, unless these activities involve repackaging, changing of the FSC product composition or relabelling.

NOTE: Some products may or may not be classified as a finished product depending on the intended use by customers. For example, lumber or paper does not classify as a finished product if sold to manufacturers that will further transform these materials into other products.

Forestry Conformity Assessment Scheme: A scheme based on the development of standards for forest management and/or chain of custody certification of forest products.

FSC certified material: Input material that is supplied with an FSC 100%, FSC Mix or FSC Recycled claim from an FSC certified supplier.

FSC certified product: A product that conforms to all applicable certification requirements and is eligible to carry an FSC label and to be promoted with the FSC trademarks.

FSC claim: Claim made on sales documents for FSC certified or FSC Controlled Wood output products. The FSC claims are: FSC 100%, FSC Mix x%, FSC Recycled x%, FSC Mix Credit, FSC Recycled Credit and FSC Controlled Wood.

FSC control system: System used for controlling the quantities of products in a product group that can be sold with the FSC claims. The FSC control systems are: Transfer, Percentage and Credit systems.

FSC Controlled Wood: Material or product carrying the FSC Controlled Wood claim which has been assessed to be in conformity with FSC Controlled Wood requirements according to the standard *FSC-STD-40-005 Requirements for sourcing FSC Controlled Wood* or *FSC-STD-30-010 Forest management requirements for FSC Controlled Wood certification*.

FSC credit: Amount of product (volume or weight) that can be sold from a credit account with a FSC Mix Credit or FSC Recycled Credit claim.

FSC 100%: FSC claim for products or materials based on inputs exclusively from FSC certified natural forests or plantations.

FSC Mix: FSC claim for products or materials based on inputs of one or more of the following material categories: FSC 100%, FSC Mix, FSC Recycled, FSC Controlled Wood, post-consumer reclaimed, and/or pre-consumer reclaimed.

FSC percentage: Percentage of claim-contributing inputs to a product group for a specific claim period or job order under the percentage system.

FSC Recycled: FSC claim for products based on inputs exclusively from reclaimed sources.

Input: Raw materials, semi-finished products, or finished products that are procured or generated by an organization and either physically enter the production process or are traded under the scope of an FSC certificate.

Material category: Categories of virgin or reclaimed material that, if eligible input, can be used in FSC product groups. The material categories are the following: FSC 100%, FSC Mix, FSC Recycled, FSC Controlled Wood, controlled material, post-consumer reclaimed and pre-consumer reclaimed.

Neutral material: Material that comes from outside a forest matrix. Examples are non-wood plant fibres or lignified materials (e.g. flax used in the manufacture of a board classified as a wood-based panel or of a composite product) and synthesized or inorganic materials (e.g. glass, metal, plastics, fillers, brighteners). Neutral materials do not include non-timber forest products or salvaged wood. Neutral materials used in FSC product groups are exempt from COC control requirements. When a material that is considered “neutral” is for the first time certified according to the FSC Principles and Criteria (e.g. bamboo), it shall no longer be classified as “neutral” and shall conform with FSC COC requirements applicable to forest-based materials. That means that these materials are only eligible to enter the FSC Chain of Custody and be used in the manufacturing of FSC certified products if they are FSC certified or FSC controlled. A transition period of 2 years (after forest management certification has started for a certain material) applies before the formerly neutral material needs to be FSC certified or FSC controlled.

NOTE FOR STAKEHOLDERS: The new approach towards certifying material previously considered as neutral material is introduced based on advice provided by the Policy and Standards Committee in 2014.

Non-conforming products: Product or material for which an organization is unable to demonstrate that it conforms with the applicable FSC certification standards and eligibility requirements for making FSC claims.

Non-timber forest product: All forest products except timber, including other materials obtained from trees such as resins and leaves, as well as any other plant and animal products. Examples include, but are not limited to bamboo, seeds, fruits, nuts, honey, palm trees, rubber, cork, ornamental plants and other forest products originating from a forest matrix.

On-product: Term applied to any FSC certification related label or marking that is attached or applied to a product or its packaging. Examples of on-product labels or marks include product tags, stencils, heat brands, information on retail packaging for small loose products (e.g. pencils), protective packaging, and plastic wrap.

Organization: The person or entity holding or applying for certification and therefore responsible for demonstrating conformity with the applicable requirements upon which FSC certification is based.

Output: Raw materials, semi-finished products or finished products that are produced and/or supplied by an FSC certified organization with an FSC claim.

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

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

Percentage system: FSC control system which allows outputs to be sold with FSC claims corresponding to the proportion of claim-contributing inputs in a job order or over a specified claim period.

Post-consumer reclaimed material: Forest-based material that is reclaimed from a consumer or commercial product that has been used for its intended purpose by individuals or households, or by commercial, industrial, and institutional facilities in their role as end-users of the product.

Pre-consumer reclaimed material: Forest-based material that is reclaimed from a process of secondary manufacture or further downstream industry, in which the material has not been intentionally produced, is unfit for end use, and not capable of being re-used on-site in the same manufacturing process that generated it.

Primary manufacturing: Any processing that transforms virgin roundwood or chip materials into other products. For chip and fibre products, primary manufacturing includes the pulp and paper production from virgin roundwood or chip materials..

Procedure: A specified way to carry out an activity or process.

Product group: A product or group of products specified by the organization which can be combined for the purpose of FSC claim control and labelling.

Product type: A general description of outputs based on a classification system specified in *FSC-STD-40-004a FSC Product Classification (Addendum to FSC-STD-40-004)*.

Transfer system: FSC control system which allows outputs to be sold with an FSC claim that is identical to, or lower than, the input material category and, if applicable, the lowest associated percentage claim or credit claim.

Promotional: Term applied to all off-product statements, claims, trademarks, and such like used to promote FSC certified products and/or organizations.

Quality: A distinctive attribute or property of a material or product. Some indicators of quality are price/value, species of wood, intended use, function, or physical appearance of the material. Price/value should not be used as a single indicator of quality due to possible variations caused, for example, by market demand, price negotiations, or volumes purchased or sold, but it can be used in combination with other indicators to characterize quality variations. Two materials or products may be considered as having the same quality if they can be exchanged without affecting the output product function, value and/or physical appearance.

Quality management system: The organizational structure, policies, procedures, processes, and resources needed to implement quality management.

Reclaimed material: Material that demonstrably would have otherwise been disposed of as waste, but has instead been collected and reclaimed as input material, in lieu of virgin material, for re-use, recycling, or re-milling in a manufacturing process or other commercial application. Inputs of the following material categories are classified as reclaimed material: FSC Recycled material, post-consumer reclaimed material and pre-consumer reclaimed material.

Retailer: An organization that sells finished products to the public in relatively small quantities for use or consumption rather than for resale.

Rolling Average Percentage: The FSC percentage calculated for the claim period of a specific product group which is based on an average calculation of a specified number of previous claim periods which is not superior to 12 months.

Sales document: Physical or electronic commercial instrument that attests to the sale of a product (i.e. invoice, bill of sale, contract of sale, credit notes). It identifies both the trading parties and lists, describes, and quantifies the items sold, shows the date of sale, prices and delivery, and payment terms. It serves as a demand for payment and becomes a document of title when paid in full.

Salvaged wood: Wood that was:

- Naturally felled (e.g. by storm or snow);
- Felled and subsequently lost or abandoned (e.g. logs that sank to the bottom of a river or lake while being transported, felled trees never picked up in a logyard, logs washed up on shore);
- Felled for purposes other than wood production (e.g. wood from orchard clearance, wood from road clearance, and urban harvested wood);
- Submerged by water and abandoned as a consequence of artificial reservoirs and dam construction.

For the purposes of FSC COC control and labelling, salvaged wood is considered as virgin material and shall be assessed as FSC Controlled Wood for use in FSC products.

Scope: The scope of a COC certificate defines the organization's sites, products, and activities that are included in the evaluation by an FSC-accredited certification body, together with the certification standard(s) against which these have been audited.

Site: A single functional unit of an organization situated at one physical location, which is geographically distinct from other units of the same organization. An organization's units with distinct physical locations may, however, be regarded as parts 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). Contractors that are used within the terms of outsourcing agreements (e.g. outsourced warehouse) are not considered sites. Typical examples for sites are processing or trading facilities such as manufacturing sites, sales offices, or warehouses owned by the organization.

Solid wood products: Products that constitute a solid piece of wood (e.g. log, beam, plank).

Supplier: Individual, company, or other legal entity providing forest-based input materials to the organization.

Timber legality legislation: National or international legislation established to ban the illegal trade of forest products (e.g. EU Timber Regulation (EUTR), US Lacey Act, Australian Illegal Logging Prohibition Act).

Transaction verification: certification body's verification of the FSC certified transactions between the organization and its trading partners.

Virgin material: Primary material originating in natural forests or plantations. This category excludes reclaimed materials.

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 with 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.

“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.