



Forest Stewardship Council®



Chain of Custody Certification

FSC-STD-40-004 V3-0 EN

DRAFT 3 FOR PUBLIC CONSULTATION

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Contact: FSC International Center
Policy and Standards Unit
Charles-de-Gaulle-Str. 5
53113 Bonn, Germany



+49-(0)228-36766-0



+49-(0)228-36766-30



policy.standards@fsc.org

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The Forest Stewardship Council (FSC) is an independent, not for profit, non-governmental 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

The FSC 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 an FSC claim and/or it is finished and FSC labelled. 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 originate 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.

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 certificate holder’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].

Contents

- A** Objective
- B** Scope
- C** Effective and validity dates
- D** References

PART I: Universal Requirements

- 1 CoC management system
- 2 Establishment of product groups for the control of FSC claims
- 3 Material sourcing
- 4 Material handling
- 5 Volume control
- 6 Sales
- 7 Transaction Verification

PART II: FSC Control Systems

- 8 Transfer system
- 9 Percentage system
- 10 Credit system

PART III: Supplementary Requirements

- 11 FSC labelling requirements
- 12 Outsourcing
- 13 Compliance with timber legality legislations

Annex A. Eligibility criteria for single, multi-site and group CoC certification

Annex B. Examples of product groups

Annex C. Examples on the application of the FSC control systems

Annex D. Terms and definitions

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 originate from well-managed forests, controlled sources, reclaimed materials, or a mixture of these, and any associated claims are truthful and accurate.

B Scope

This is the core standard for FSC CoC certification that specifies the requirements which apply to all CoC certified and applicant organizations with respect to sourcing, processing, labelling, and sale of forest-based products as FSC certified.

Box 1. Who needs CoC certification?

For a product to be claimed as FSC certified, 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 and/or to the point where the product is finished and FSC labelled. 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 or physical integrity (e.g. repackaging) 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) in accordance with FSC-STD-50-002 *Requirements for Promotional Use of the FSC Trademarks by Non-Certificate Holders*.

NOTE: FSC claims are required in cases where subsequent customers want to use the FSC certified products as input for the manufacturing of other certified products and/or for resale as FSC certified.

CoC certification is not required 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. providers of logistic services transporting and/or temporarily storing certified products;
- c. contractors operating under an outsourcing agreement in accordance with Section 11 of this standard.

This standard is divided into three parts. Part I covers the universal requirements that are mandatory to all CoC certificate holders. The requirements specified in Parts II and Part III apply in accordance with 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, boxes and annexes, unless otherwise stated.

C Effective and validity dates

Approval date	November 2016 (tentative)
Publication date	1 December 2016 (tentative)
Effective date	1 March 2017 (tentative)
Transition period	1 March 2017 – 28 February 2018 (tentative)
Period of validity	Until replaced or withdrawn

NOTE: By the end of the transition period, all certificate holders and applicants for certification shall have been evaluated against this standard version.

D References

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

The documents listed as complementary standards and other normative documents are relevant for the application of FSC-STD-40-004. For undated references, the latest edition of the referenced document (including any amendments) applies.

Table A. FSC CoC normative framework.

FSC Normative documents applicable to all CoC certificate holders	
FSC-STD-40-004 <i>Chain of Custody Certification</i> FSC-STD-40-004a <i>FSC Product Classification (Addendum to FSC-STD-40-004)</i> FSC-DIR-40-004 <i>FSC Directive on Chain of Custody Certification</i> FSC-POL-01-004 <i>Policy for the Association of Organizations with FSC</i>	
Complementary normative documents (applicable according to the scope of the certificate)	
Activities	Applicable normative documents
Group or Multi-site CoC	FSC-STD-40-003 <i>Chain of Custody Certification of Multiple Sites</i>
Sourcing of Controlled Wood	FSC-STD-40-005 <i>Requirements for Sourcing Controlled Wood</i> FSC-DIR-40-005 <i>FSC Directive on FSC Controlled Wood</i>
Sourcing of reclaimed materials	FSC-STD-40-007 <i>FSC Standard for Use of Reclaimed Material in FSC Product Groups and FSC Certified Projects</i>
FSC trademark use	FSC-STD-50-001 <i>Requirements for Use of the FSC Trademarks by Certificate Holders</i>

NOTE: FSC's interpretations of its Normative Framework are available on the FSC Website (ic.fsc.org).

Box 2. 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.

“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.

PART I: Universal Requirements

1. CoC management system

- 1.1 The organization shall implement and maintain a CoC management system adequate to its size and complexity to ensure its continuous conformity to all applicable certification requirements, including the following:
 - a. appoint a management representative who has overall responsibility and authority for the organization's conformity to all applicable certification requirements;
 - b. define the personnel responsible for the implementation of each procedure;
 - c. implement and maintain up-to-date documented procedures covering the certification requirements applicable to the scope of the certificate;
 - d. train staff on the up-to-date version of the organization's procedures to ensure their competence in implementing the CoC management system;
 - e. maintain complete and up-to-date records which shall be retained for a minimum period of five (5) years. At a minimum, the organization shall keep records of the following documents as applicable to the certificate scope: procedures, product group lists, training, purchase and sales documents, material accounting records, volume summaries, trademark approvals, records of suppliers, complaints, outsourcing, control of non-conforming products, verification program for reclaimed material and due diligence program for controlled material and FSC Controlled Wood.
- 1.2 The organization shall apply the eligibility criteria specified in Annex A to define its eligibility for Single, Multi-site or Group CoC certification.
- 1.3 The organization shall commit to the FSC values as defined in FSC-POL-01-004 by signing an FSC self-declaration to not be directly or indirectly involved in the following activities:
 - a. illegal logging or the trade in illegal wood or forest products;
 - b. violation of traditional and human rights in forestry operations;
 - c. destruction of high conservation values in forestry operations;
 - d. significant conversion of forests to plantations or non-forest use;
 - e. introduction of genetically modified organisms in forestry operations;
 - f. violation of any of the ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work, 1998.
- 1.4 The organization shall demonstrate its commitment to occupational health and safety (OHAS). At a minimum, the organization shall appoint an OHAS representative, establish and implement procedures and train of staff on OHAS.

NOTE: Other certifications and enforcement of local regulations related to OHAS may be used as evidence of conformity to this requirement.

- 1.5 The organization shall ensure that complaints received regarding the organization's conformity to the requirements applicable to the scope of the organization's CoC certificate are adequately considered, including the following:
 - a. acknowledge receipt of complaints within two (2) weeks of receiving the complaint;
 - b. investigate the complaint and specify its proposed actions in response to the complaint within three months. If more time is needed to complete the investigation, the complainant shall be notified;
 - c. take appropriate actions with respect to complaints and any deficiencies found in processes that affect conformity to the certification requirements;
 - d. notify 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 any non-conforming products are identified and controlled to prevent their unintended sale and delivery with FSC claims. Where non-conforming products are detected after they have been delivered, the organization shall undertake the following activities:
- a. notify its certification body and all affected customers in writing within five 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 reoccurrence;
 - 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.

2. Establishment of product groups for the control of FSC claims

- 2.1 The organization shall establish product groups for the purpose of controlling FSC output claims and labelling. Product groups shall be formed by output products that:
- a. belong to the same product type category in accordance with FSC-STD-40-004a;
 - b. are controlled according to one of the FSC Control Systems as specified in Part II of this standard;
 - c. if the organization is applying the percentage or credit system, the products shall be made of the same input material (e.g. pine lumber) or same set of input materials (e.g. a product group of veneered particle boards, where all products are made of a combination of particle board and veneer of species of same quality).

NOTE: A particular input material and/or species of wood of a product group may be substituted by another material and or species provided they have the same quality (see definition of quality in Annex D and the examples provided in Annex B). Variations of material or product dimension or shape are accepted within the same product group.

- 2.2 The organization shall maintain an up-to-date list of product groups specifying for each:
- a. the product type(s) of the output products in accordance with FSC-STD-40-004a;
 - b. the applicable FSC claims for the outputs;
 - c. the species (including scientific and common name), where the species information designates the product characteristics (i.e. when the species characterizes the product).

3. Material sourcing

- 3.1 The organization shall maintain up-to-date information about all suppliers who are supplying materials used for FSC product groups, including names, certification code (if applicable) and materials supplied.
- 3.2 In order to confirm any changes that might affect the availability and authenticity of the supplied products, the organization shall regularly verify the validity and product groups scope of the certificates of their active FSC-certified suppliers through the FSC certificate database (info.fsc.org).

NOTE: Other FSC platforms synchronized with the FSC certificate database (i.e. the trademark portal and the Online Claims Platform) may support organization's conformity to this requirement.

- 3.3 The organization shall have a system in place to check the supplier's sale and/or delivery documentation to ensure that:

- a. the supplied material type and quantities are in conformity to the supplied documentation;
 - b. the FSC claim is correct;
 - c. the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.
- 3.4 The organization shall ensure that only eligible inputs and the correct material categories are used in FSC product groups as defined in Table B.

Table B. Eligible inputs according to the FSC claim specified for the outputs of a product group.

FSC output claim specified for the Product Group	Eligible inputs
FSC 100%	FSC 100%
FSC Mix x% / FSC Mix Credit	FSC 100%, FSC Mix x%, FSC Mix Credit, FSC Recycled x%, FSC Recycled Credit, controlled material, FSC Controlled Wood, pre-consumer reclaimed, post-consumer reclaimed.
FSC Recycled x% / FSC Recycled Credit	FSC Recycled x%, FSC Recycled Credit, pre-consumer reclaimed, post-consumer reclaimed.
FSC Controlled Wood	FSC 100%, FSC Mix x%, FSC Mix Credit, controlled material, FSC Controlled Wood.

- 3.5 Organizations sourcing non-FSC-certified reclaimed material for use in FSC product groups shall conform to the requirements of FSC-STD-40-007.
- 3.6 Organizations sourcing non-FSC certified virgin material for use in FSC product groups shall conform to the requirements of FSC-STD-40-005.
- 3.7 All forest-based components that have a functional purpose in the product shall conform to CoC control requirements. A component is considered as having a functional purpose if the product's function is compromised by the removal of the component. Forest-based components with secondary functions (e.g. for transportation, protection or dispensing), may be exempt from CoC control requirements.

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 contents certified, or both.

- 3.8 Organizations that reclaim materials from primary or secondary processing at their own site may classify the material as belonging to the same or lower 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, except materials that are discarded by a manufacturing process but that can be reused on site by being incorporated back into the same manufacturing process that generated it.
- 3.9 Organizations may classify material held in stock at the time of the main evaluation by the certification body and material received between the date of the main evaluation and the issue date of the organization's CoC certificate as eligible input, provided the organization is able to demonstrate to the certification body that the materials meet the FSC material sourcing requirements.

4. Material handling

- 4.1 In cases where there is risk of non-eligible inputs entering FSC product groups, the organization shall implement one or more of the following segregation methods:
- a. physical separation of materials;
 - b. temporal separation of materials;
 - c. identification of materials.

5. Volume control

- 5.1 The organization shall specify the conversion factor(s) for each processing step or for the total processing steps of a product group or job order.
- 5.2 The organization shall have a consistent methodology for calculating conversion factor(s) and keep them up to date.
- 5.3 The organization shall maintain an up-to-date material accounting record (e.g. spreadsheets, production control software) of materials and products in the scope of the FSC certificate, including:
- a. inputs: purchase document number, date, quantities and material category including the percentage or credit claim (if applicable);
 - b. outputs: sales document number, date, product description, quantities, FSC claim and applicable claim period or job order;
 - c. FSC percentage calculations and FSC credit accounts.
- 5.4 Organizations that are certified against FSC and another forestry certification scheme, and that receive materials with claims of both schemes, shall provide their FSC certification body access to material accounting records of both schemes for verification that the volumes received are not double counted.
- 5.5 The organization shall prepare annual volume summary reports demonstrating that the quantities of output products sold with FSC claims are compatible with the quantities of inputs, their associated percentage or credit claims, and the conversion factor(s). The volume summaries shall at least include the following information (as applicable):
- a. inputs received;
 - b. inputs used for production;
 - c. inputs and outputs in stock;
 - d. outputs sold.

NOTE: FSC-certified woodworkers, building contractors and construction companies may present the annual volume summary reports as an overview of the job order or construction project instead of by product group.

6. Sales

- 6.1 The organization shall ensure that sales documents (physical or digital) issued for products sold with FSC claims include the following information:
- name and contact details of the organization;
 - information to identify the customer, such as name and address of the customer (except for sales to end consumers);
 - date when the document was issued;
 - product name or description;
 - quantity of products sold;
 - the organization's FSC certificate code associated to FSC-certified products and/or FSC Controlled Wood code associated to FSC Controlled Wood products;
 - a clear indication of the FSC claim for each product item or the total products as specified in Table C.

Table C. Eligible FSC claims for output products according to each FSC Control System.

FSC output claim specified for the Product Group	FSC Control System		
	Transfer System	Percentage System	Credit System
FSC 100%	√		
FSC Mix x%	√	√	
FSC Recycled x%	√	√	
FSC Mix Credit	√		√
FSC Recycled Credit	√		√
FSC Controlled Wood	√	√ (see Clause 8.9)	√ (see Clause 9.9)

- 6.2 For supplies of finished FSC 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, this information is lost and subsequent organizations in the supply chain are not permitted to use or reinstate the percentage or credit information for further processing or resale of certified products.
- 6.3 Organizations may identify products exclusively made of input materials from small or community producers on sales documents by adding this information to the FSC claim (e.g. FSC 100% from small forest producers, FSC Mix 70% from small and community forest producers) or as separate statement to the claim (e.g. “Product from small and/or community forest producers”).
- 6.4 In case where systems of Electronic Data Interchange (EDI) are employed and no written invoices are issued, alternative evidence shall be provided to demonstrate the FSC status of supplied products equivalent to the information as required by Clause 6.1.
- 6.5 If the sales documentation (or a copy of it) issued by the organization is not included with the shipment of the product, the related delivery documentation (when existing) shall include the same information as required in Clause 6.1 and a reference linking it to the related sales documentation.

- 6.6 If, for justified reasons, the organization is unable to include the FSC claim and/or certificate code 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 obtain permission from its certification body to implement supplementary documentation in accordance with the following criteria:
- a. there shall exist clear information linking the supplementary documentation to the sales or delivery documents;
 - b. there is no risk that the customer will misinterpret which products are or are not FSC certified in the supplementary documentation;
 - c. where the sales documents contain multiple products with different FSC claims, each product shall be cross-referenced to the associated FSC claim provided in the supplementary documentation.
- 6.7 The organization shall ensure that products sold with an FSC 100%, FSC Mix or FSC Recycled claim on sales documentation do not carry any labels from other forestry certification schemes.

NOTE: FSC-certified product may simultaneously carry the FSC claim and the claim of other forestry certification schemes on sales and delivery documents, even if the product is FSC labelled.

- 6.8 The organization can only sell products with the 'FSC Controlled Wood' claim on sales and delivery documents if the products are raw or semi-finished products and the customer is FSC certified.
- 6.9 FSC-certified woodworkers, building contractors or construction companies that do not list the FSC certified products on the invoice as required by Clause 6.1 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 invoice(s) to the supplementary document;
 - b. a list of the FSC-certified construction components used with the related quantities and FSC claims;
 - c. the certificate code of the organization.

7. Providing FSC transaction data for the purpose of transaction verification by certification bodies

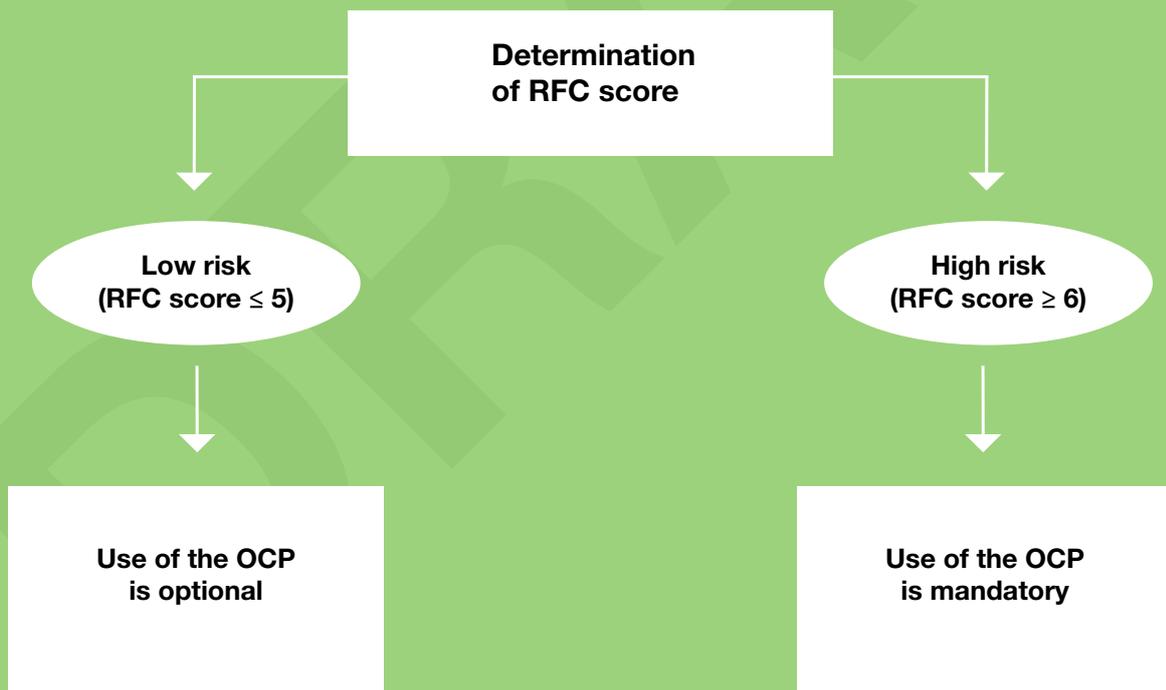
Box 3. Transaction verification

Transaction verification is the process by which certification bodies verify that the FSC output claims made by organizations are accurate and match the FSC input claims of their trading partners. FSC has developed the Online Claims Platform (OCP) as a method to enable transaction verification. The OCP provides a secure platform for organizations to provide their FSC transaction data for verification.

The use of the OCP by organizations is voluntary, except in cases where a high risk of false claims has been identified. In order to identify these cases of high risk, each organization holding a certificate will be given a risk of false claims (RFC) score. Organizations that are already submitting data on all of their FSC-certified purchases and sales to the OCP on a voluntary basis do not require a RFC classification.

The RFC score of each organization will be determined by its certification body according to the risk criteria specified in Table D below. One RFC score may be applied to the whole organization or specific RFC scores may be applied to different sites and/or product groups, as long as all activities under the scope of the organization's certificate are covered by RFC assessment. The organization is only required to use the OCP for the FSC transactions of the sites and/or product groups related to a RFC score 6 or higher.

Figure 1. Determination of risk of false claims



Although organizations that receive a low-risk RFC score will not be required to use the OCP, its use is recommended as a risk mitigation tool. Using the OCP to enable certification bodies to verify transactions between FSC trading partners reduces the risk of false claims in organizations' supply chains. Using the OCP may also help organizations conform to FSC chain of custody requirements and reduce the number of audits.

Alternative methods to the OCP for transaction verification are recognized in the criteria for risk determination (see table D below). Using such methods will lower the organization's RFC score which can result in a low risk designation. For high RFC scores, the OCP is currently the only system accepted by FSC for transaction verification. FSC will monitor the implementation of transaction verification and evaluate the means for verification two (2) years after it is introduced and consider additional platforms for verification.

- 7.1 Organizations that have sites and/or product groups with a RFC score of six (6) or higher shall enter the following invoice information of all inputs and outputs received and/or sold with FSC claims related to these sites and/or product groups into the FSC Online Claims Platform (OCP) for the purpose of transaction verification:
- a. invoice number;
 - b. date of the FSC transaction;
 - c. material or product description;
 - d. quantities;
 - e. FSC claim;
 - f. FSC certification or license code of the trading partner. If the trading partner does not possess an FSC certification or license code, the organization may enter the name of the trading partner.

NOTE: The organization may also allow its trading partners or certification body to enter the information specified in Clause 7.1 into the OCP on their behalf.

- 7.2 Organizations that have sites and/or product groups with a RFC score of six (6) or higher shall enter their FSC transactions according to Clause 7.1 into the OCP no later than thirty (30) days after the date of the transaction (i.e. date of the invoice issuance).
- 7.3 Organizations that have sites and/or product groups with a RFC score of six (6) or higher shall start using the OCP for these sites and/or product groups within thirty (30) days after the score determination and shall continue using the OCP until the corresponding RFC score is determined to be five (5) or lower.
- 7.4 The organization, regardless of its RFC scores, shall support its certification body in reviewing their records of FSC transactions at each evaluation in order to verify that they match with those of the organization's trading partners.

NOTE FOR STAKEHOLDERS: *The introduction of transaction verification requirements in the FSC Chain of Custody will also result in changes for the certification bodies. FSC is proposing that four new clauses are added to the CoC accreditation standard FSC-STD-20-011 (the standard that applies to certification bodies for conducting CoC audits). In this box you can see the four clauses that are being proposed for certification bodies, but will not be part of the FSC-STD-40-004 standard. They are only placed here to facilitate the public consultation. FSC is also proposing some other minor changes to FSC-STD-20-011. You can download the full PDF version of this standard [here](#).*

Section 3 of FSC-STD-20-011:

- 3.2 For a certificate that has a five-year validity, at least four surveillance evaluations shall take place before the certificate expires, except when Clauses 3.3 or 3.4 apply.
- 3.3 The number of surveillance evaluations may be reduced to two within the period specified in 3.2 if the following conditions are met:
- a. the organization has been continually FSC-certified for at least five years by the same certification body (Transfer of certification body motivated by changes in the certification body's accreditation is not considered in this case); and
 - b. the organization has not received corrective action requests (CARs) related to fraud/false claims (the act of selling products that are not eligible to be sold with FSC claims as being FSC certified) in the last three years; and
 - c. the organization has all of its FSC-certified purchases and sales entered into the OCP for two consecutive years; and
 - d. the organization has submitted written consent to participate in FSC's fiber testing programme¹ (with the possibility of at least one sample collected per year).

¹ Agreeing to the fiber testing programme includes signing the fiber testing agreement and paying \$150 USD per year to cover random fiber testing costs. For more information on the FSC fiber testing program, please visit <https://ic.fsc.org/en/our-impact/program-areas/supply-chain-integrity-programme/wood-and-fiber-testing>.

Section 10 of FSC-STD-20-011:

10 Transaction Verification

10.1 At each evaluation (main evaluation, surveillance evaluation and re-evaluation), the certification body shall define the RFC (risk of false claims) score applicable to the organization according to the criteria specified in Table D.

NOTE: One RFC score may be applied to the whole organization or specific RFC scores may be applied to different sites and/or product groups, as long as all activities under the scope of the organization's certificate are covered by RFC assessment.

Table D. Matrix for RFC score determination.

Risk factors		Score	Score Given
Material type	Softwood, hardwood (non-tropical), non-timber forest products and unknown species ²	1	
	Hardwood (tropical)	2	
	CITES species	5	
Corruption Perception Index (CPI) ³ of the country where the organization's site is located	CPI ≥ 60	1	
	CPI 36 – 59	2	
	CPI ≤ 35	3	
Organization's performance in relation to CoC conformity	The organization has received CARs related to fraud/false claims (the act of selling products that are not eligible to be sold with FSC claims as being FSC certified) in the last three years ⁴ .	6	
	The organization has changed the certification body two or more times within a five year period (except in cases where the transfer of CB is motivated by changes in the CB's activities)	2	
	The organization is subject to annual third party supply chain audits that ensures matching of transactions between trading partners and addresses the risk of false claims (e.g. a third party auditor physically compares invoices)	-1	
	The organization uses an externally controlled traceability platform/system (other than the OCP) that ensures matching of all FSC transactions between the organization and its trading partners and addresses the risk of false claims (e.g. an electronic system that allows matching of transactions)	-1	
Evidence of false claims	There is documented evidence of false claims further down in the organization's supply chain or systematically occurring in the country where the organization is located ⁵ (i.e. results of fiber testing, substantiated complaints, results of ASI monitoring, CB reporting of false claims to FSC/ASI).	3	
TOTAL (RFC = sum of the scores given)			Σ
			RFC ≤ 5 = Low risk of false claims RFC ≥ 6 = High risk of false claims

² The category "unknown" refers to product groups where species information does not designate the product characteristics (according to Clause 2.2 c) and therefore does not need to be specified by the organization.

³ Based on the latest CPI report from Transparency International (see www.transparency.org).

⁴ This risk factor applies to the organization as a whole and not only to specific product groups under the scope of the RFC assessment.

⁵ FSC will compile monitoring data regarding false claims/fraud identified in the system and will publish periodic reports listing areas where there are evidences of systematic false claims/fraud occurring at national or regional level. Where the evidences occur at the organization or supply chain level, the information will only be disclosed to the organization and its certification body.

- 10.2 Regardless of the RFC score of the organization, the certification body shall access the OCP to determine if any FSC transactions with the organization have been documented by trading partners and determine if these transactions match with the organizations records by reviewing the following information:
- a. total volume summaries of FSC transactions per trading partner; and
 - b. a minimum sample of 10 FSC transactions. Special attention shall be given to transactions that are flagged in the OCP as potentially being false claims/fraud (e.g. when information entered by the organization and its trading partner do not match. In the absence of flagged transactions related to the organization, the sample shall include randomly selected transactions and cover the widest possible range of trading partners, products and regions.

NOTE: In order to facilitate transaction verification by the auditor, the OCP provides a search mechanism and volume summary reports identifying total volumes of FSC transactions per trading partner and a list of individual FSC transactions.

- 10.3 If any cases of false claims/fraud are identified during an evaluation, the certification body shall enter this information in the organizations' records at the FSC certification database (as non-public information).

PART II: FSC Control Systems

NOTE: Examples on the application of the FSC control systems are provided in Annex C.

8. Transfer system

Box 4. Transfer system application.

The transfer system is an FSC control system which provides the simplest approach for the determination of output claims by transferring the FSC claims of inputs materials directly to the output products. Through segregation, an unbroken link between input and output material is assured through all stages of an organization's processes.

The transfer system can be applied to all types of product groups, FSC claims and activities. Since there are no output claims for pre-consumer reclaimed wood, it is not considered an eligible input in the transfer system.

- 8.1 For each product group, the organization shall specify claim periods or job orders for which a single FSC claim shall be made.
- 8.2 For claim periods or job orders in which inputs belong to a single material category carrying an identical FSC claim, the organization shall determine this to be the corresponding FSC claim for the outputs.
- 8.3 For claim periods or job orders in which inputs of different material categories or associated percentage claims or credit claims are combined, the organization shall use the lowest FSC claim per input volume as the FSC claim for the outputs, as indicated in Table E.

Table E. 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 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%	FSC Mix 100%	FSC Mix 100%	FSC Controlled Wood
FSC Mix Credit	FSC Mix Credit	FSC Mix Credit	FSC Mix x%	FSC Mix Credit	FSC Mix x%	FSC Mix Credit	FSC Mix Credit	FSC Controlled Wood
FSC Mix x%	FSC Mix x%	FSC Mix x%	FSC Mix x%	FSC Mix x%	FSC Mix x%	FSC Mix x%	FSC Mix x%	FSC Controlled Wood
FSC Recycled Credit	FSC Mix Credit	FSC Mix Credit	FSC Mix x%	FSC Recycled Credit	FSC Recycled x%	FSC Recycled Credit	FSC Recycled Credit	FSC Controlled Wood
FSC Recycled x%	FSC Mix x%	FSC Mix x%	FSC Mix x%	FSC Recycled x%	FSC Recycled x%	FSC Recycled x%	FSC Recycled x%	FSC Controlled Wood
Pre-cons. reclaimed paper	FSC Mix 100%	FSC Mix Credit	FSC Mix x%	FSC Recycled Credit	FSC Recycled x%	FSC Recycled 100%	FSC Recycled 100%	FSC Controlled Wood
Post-cons. reclaimed wood and paper	FSC Mix 100%	FSC Mix Credit	FSC Mix x%	FSC Recycled Credit	FSC Recycled x%	FSC Recycled 100%	FSC Recycled 100%	FSC Controlled Wood
FSC Controlled Wood	FSC Controlled Wood	FSC Controlled Wood	FSC Controlled Wood	FSC Controlled Wood	FSC Controlled Wood	FSC Controlled Wood	FSC Controlled Wood	FSC Controlled Wood

NOTE: No FSC claims are allowed for combinations of pre-consumer reclaimed wood inputs in the transfer system.

9. Percentage system

Box 5. Percentage system application.

The percentage system is an 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.

The percentage system can be applied to FSC Mix and FSC Recycled product groups at the level of a single or multiple physical sites. The percentage system may also be applied to products carrying the FSC Small or Community Producers label. It cannot be applied to the following activities:

- a. sale of products with the FSC 100% output claim;
- b. trade and distribution of finished wood products and paper (e.g. paper merchants);
- c. trade without physical possession;
- d. trade and processing of non-timber forest products (NTFPs), except for bamboo and NTFPs derived from trees (e.g. cork, resin, bark).

9.1 The percentage system may be applied at the level of single and multiple physical sites (cross-site percentage method). The conditions for the application of the percentage system at multiple site level are the following:

- a. the percentage calculation is applied to products 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. each site participating in a cross-site percentage calculation has an FSC percentage (FSC_%) of at least 50%.

9.2 For each product group, the organization shall specify claim periods or job orders for which a single FSC_% claim shall be made.

9.3 For FSC Mix and FSC Recycled inputs, the organization shall use the percentage claim or credit claim stated on the supplier invoice to determine the quantity of claim-contributing inputs.

9.4 The organization shall calculate and record the FSC_% for each claim period or job order by using the following formula:

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

$$FSC_{\%} = \text{FSC percentage}$$

$$Q_C = \text{Quantity of claim-contributing inputs}$$

$$Q_T = \text{Total quantity of forest-based inputs}$$

9.5 For each product group, the organization shall calculate the FSC_% based on:

- a. the input to the same claim period or job order (single percentage); **or**
- b. the input to a specified number of previous claim periods (rolling average percentage). The time period over which the rolling average percentage is calculated shall not exceed 12 months.

9.6 Organizations using the single percentage method may apply the calculated FSC percentage information to either the FSC claim of the output products produced during the same claim period/ job order or in the following claim period.

9.7 Organizations using the rolling average percentage method shall apply the calculated FSC percentage information from the specified number of previous claim periods to the FSC claim of the output products produced in the following claim period.

- 9.8 Organizations applying the FSC percentage in the following claim period according to Clauses 9.6 and 9.7 shall ensure that fluctuations in the supply of input materials are not used to increase the amount of output products sold with FSC claims. Organizations shall demonstrate in their annual volume summary reports that the amount of products sold with FSC claims are compatible with the amount of claim contributing inputs received and their conversion factors within the reporting period.
- 9.9 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 FSC percentage.
- 9.10 The organization may sell as FSC Controlled Wood the portion of the output of a claim period that has not been sold with an FSC percentage claim.

10. Credit system

Box 6. Credit system application.

The credit system is an 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).

The credit system can be used for FSC Mix and FSC Recycled product groups at the level of a single or multiple physical sites. It cannot be applied to the following activities:

- a. sale of products with the FSC 100% output claim;
- b. trade and distribution of finished wood products and paper (e.g. paper merchants);
- c. trade without physical possession;
- d. trade and processing of non-timber forest products (NTFPs), except for bamboo and NTFPs derived from trees (e.g. cork, resin, bark);
- e. print processes;
- f. sale of product groups carrying the FSC Small and Community Producers label and/or claim.

Establishment of credit accounts:

- 10.1 For each product group, the organization shall set up and maintain an FSC credit account according to which additions and deductions of FSC credits shall be recorded.
- 10.2 The credit system may be applied at the level of single and multiple physical sites (cross-site credits method). The conditions for the establishment of a centralized credit account covering multiple sites are the following :
 - a. credits are 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. each site participating in a cross-site credit account contributes at least 10% of the input credits used by its own site in a twelve month period.

NOTE: The threshold will be reviewed by FSC in five years.

- d. All sites are located in the same country or economic and monetary union (e.g. European Union).

Credit account administration:

- 10.3 For FSC Mix and/or FSC Recycled inputs, the organization shall use the percentage claim or credit claim stated on the supplier invoice to determine the quantity of claim contributing inputs.
- 10.4 When the credit system is applied to assembled wood products, and where inputs of different quality are combined, high quality components that are sourced as controlled material or FSC Controlled Wood shall not represent more than 30% of the product composition.
- 10.5 The organization shall not accumulate more FSC credit in the credit account than the sum of FSC credit that has been added during the previous 24 months. This means that credits that were not used for output claims within this period expire. The FSC credit that exceeds the sum of credits entered into the account within the previous 24 months period shall be deducted from the credit account at the start of the following month (at the 25th month after they have been added to the account).
- 10.6 Before selling products with credit claims, 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 specified for the product group.

Sale of outputs with credit claims:

- 10.7 For the sale of products with FSC credit claims, the organization shall deduct the quantity sold and/or labelled as FSC Mix or FSC Recycled from the available FSC credit in the respective product group credit accounts.
- 10.8 The organization shall ensure that the credit account is never overdrawn and that records of additions and deductions of credits are reconciled at a minimum every three months.
- 10.9 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 related credit accounts.
- 10.10 The organization may supply the portion of the output quantity that has not been sold as FSC Mix Credit as FSC Controlled Wood, on the basis of a corresponding FSC Controlled Wood credit account.

PART III: Supplementary Requirements

11. FSC labelling requirements

- 11.1 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 F.

Table F. 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 wood - percentage of at least 70% post-consumer reclaimed	FSC Recycled
FSC Recycled paper - no threshold applies	FSC Recycled
FSC Recycled Credit	FSC Recycled

- 11.2 Only FSC products that are eligible for FSC labelling can be promoted with the FSC trademarks.
- 11.3 Products exclusively made of input materials from small and/or community producers are eligible to carry the FSC Small or Community Producer label.

12. Outsourcing

- 12.1 The organization may outsource activities within the scope of its certificate to FSC CoC certified and/or non-FSC CoC certified contractors.

NOTE: The organization's outsourcing arrangements are subject to a risk analysis by the certification body and sampling for on-site audits purposes.

- 12.2 Activities that are subject to outsourcing agreements are those that are included in the scope of the organization's CoC certificate, such as purchase, processing, storage, labelling and invoicing of products.

NOTE: Storage sites are exempt from outsourcing agreements where they constitute stopping places as part of transportation or logistic activities. However, if an organization contracts a service provider to store goods in the absence of an agreed delivery order, this is considered as an extension of the storage site of the organization and therefore subject to an outsourcing agreement.

- 12.3 Prior to outsourcing activities to a new contractor, the organization shall inform its certification body about the outsourced activity, names, and contact details of the contractor.
- 12.4 The organization shall establish an outsourcing agreement with each non-FSC certified contractor, specifying at minimum that the contractor shall:
- conform to all applicable certification requirements and organization's procedures related to the outsourced activity;
 - not make unauthorized use of the FSC trademarks (e.g. at the contractor's products or website);

- c. not further outsource any processing;
 - d. accept the right of the organization's certification body to audit the contractor;
 - e. notify the organization within the period of 10 (ten) business days if the contractor is included in the list of organizations that are disassociated from FSC, in accordance with the FSC-POL-01-004, and therefore subsequently ineligible to provide outsourcing services to FSC-certified organizations.
- 12.5 The organization shall provide documented procedures to its contractor(s) that ensure the following:
- a. the material under the contractor's responsibility will not be mixed or contaminated with any other material during outsourced activity;
 - b. the contractor will keep records of inputs, outputs, and delivery documentation associated with all material covered by the outsourcing agreement;
 - c. if the contractor applies the FSC label to the product on behalf of the organization, the contractor will only label the eligible products produced under the outsourcing agreement.
- 12.6 The organization shall maintain legal ownership of all materials during outsourcing and issue the final invoice to customers following outsourcing.

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

- 12.7 The organization may act as an FSC-certified contractor providing services to other contracting organizations. In this case, the organization shall include the outsourcing services under the scope of its FSC certificate ensuring that all applicable certification requirements are met.
- 12.8 When the organization provides FSC-certified outsourcing services to non-FSC-certified contracting organizations, it is acceptable that the contracting organization buys the raw material for the outsourced processes. To ensure that the CoC is not broken, the material shall be transported directly from an FSC-certified supplier to the organization (i.e. the non-certified contracting organization shall not take physical possession of the materials before outsourcing). The materials supplied shall be verified by the organization according to Clause 3.3.

13. Compliance with timber legality legislation

- 13.1 The organization shall ensure that its FSC-certified products conform to all applicable timber legality legislation. At a minimum, the organization shall:
- a. have procedures in place to ensure the import and/or export of FSC-certified products by the organization conform to all applicable trade and custom laws (if the organization export/import FSC products);
 - b. upon request, 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 any FSC-certified organizations further down the supply chain that need this information to comply with timber legality legislation. The form and frequency of providing this information may be agreed upon between the organization and the requester;

NOTE: If the organization does not possess the requested information on species and country of origin, the request shall be passed on to the upstream suppliers until the information can be obtained.

- c. ensure 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 to FSC Controlled Wood requirements in accordance with 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: Organizations applying option c (i) above may apply the requirements for co-products outlined in FSC-STD-40-005.

Annex A. Eligibility criteria for single, multi-site and group CoC certification

1 Eligibility for single COC certification

- 1.1 An organization is eligible for single CoC certification if the scope of the certificate includes a single site or multiple sites (two or more sites) that conform to the following criteria:
- a. one site under the scope of the single CoC certificate is:
 - i. acting as the certificate holder;
 - ii. responsible for invoicing of certified and non-certified materials or products covered by the scope of the certificate to external clients;
 - iii. controlling the use of the FSC Trademarks.
 - b. all sites under the scope of the single CoC certificate are:
 - i. operating under a common ownership structure;
 - ii. managed under direct control of the certificate holder;
 - iii. in an exclusive business relationship with each other for the output materials or products covered by the scope of the certificate;
 - iv. located in the same country.
- 1.2 For single CoC certification, all sites included in the scope of certification shall conform to all applicable certification requirements specified in FSC-STD-40-004. The requirements specified in FSC-STD-40-003 do not apply.

NOTE: In this scenario, all applicable certification requirements as defined in FSC-STD-40-004 shall be evaluated by the certification body at all sites included in the scope of the certificate within each audit (i.e. no sampling applies).

2 Eligibility for multi-site COC certification

- 2.1 An organization is eligible for multi-site certification if the scope of the certificate includes two or more sites or legal entities (named as Participating Site according to FSC-STD-40-003) that conform to the following criteria:
- a. all participating sites and the organization that holds the certificate are linked through common ownership; or
 - b. all participating sites:
 - i. have a legal and/or contractual relationship with the organization; and
 - ii. are subject to a centrally administered and controlled management system established by the organization that has authority and responsibilities beyond those related solely to certification, including at least one of the following elements:
 - centralized purchase or sales function;
 - common operational procedures (e.g. same production methods, same product specifications, integrated management software);
 - operating under the same brand name (e.g. franchise, retailer).

2.2 The following organizations are not eligible for multi-site CoC certification:

- a. organizations that do not have authority over the creation of companies (i.e. establishing new legal entities within the organization) that may join the certificate as Participating Sites;
- b. organizations that do not have authority over the admission or removal of Participating Sites from the certificate scope;
- c. associations or organizations established to promote the goods or services of their members;
- d. non-profit organizations that have for-profit members.

2.3 For multi-site CoC certification, all participating sites included in the scope of the certificate shall conform to all applicable certification requirements specified in FSC-STD-40-004 and FSC-STD-40-003.

NOTE: Multi-site CoC certificates are evaluated by the certification body based on a defined sampling methodology as specified in FSC-STD-20-011.

3 Eligibility for group CoC certification

3.1 A group CoC certificate may be established including two or more independent legal entities (named as participating sites according to FSC-STD-40-003) in the scope of the certificate if the following eligibility criteria are met:

- a. Each participating site shall qualify as “small” as defined by:
 - i. No more than 15 employees (full-time equivalent); or
 - ii. No more than 25 employees (full-time equivalent) and a maximum total annual turnover of US\$ 1,000,000.
- b. All participating sites shall be located in the same country as the organization that holds the certificate.

NOTE: FSC-PRO-40-003 authorizes FSC National Offices to define nationally specific eligibility criteria for group CoC certification. National eligibility criteria approved by FSC supersede those in Clause 3.1 a) above and are published on the FSC website (in FSC-PRO-40-003a).

3.2 For group CoC certification, all participating sites included in the scope of the certificate shall conform to all applicable certification requirements specified in FSC-STD-40-004 and FSC-STD-40-003.

NOTE: Group CoC certificates are evaluated by the certification body based on a defined sampling methodology as specified in FSC-STD-20-011.

Annex B. Examples of Product Groups

FSC product groups are the basic unit in the FSC chain of custody for the control of FSC output claims and labelling. Products shall be combined according to their product type, the FSC Control System used and its composition, as specified in Clause 2.1. The following examples are provided in Table G to clarify the correct (✓) and incorrect (✗) application of the product group concept:

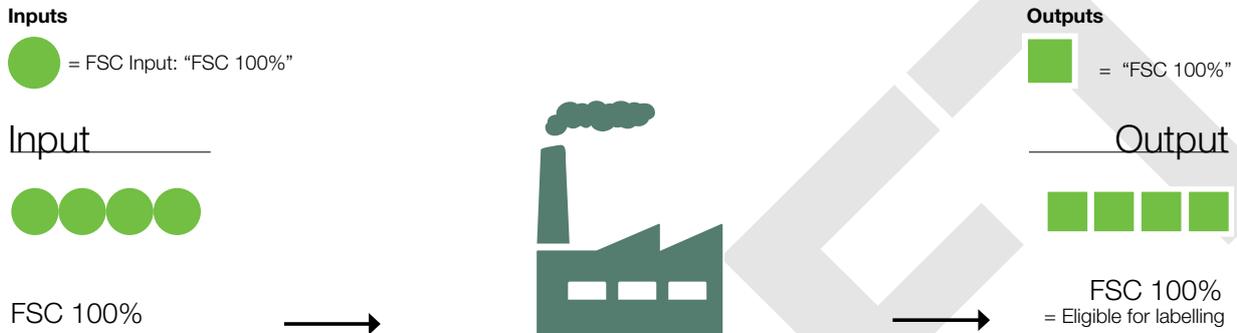
Table G. Examples of product group application.

Product Group Examples		Rationale
Pine logs are processed generating lumber, chips and sawdust.	✓ Three separate product groups are established: lumber, chips and sawdust.	Each output product belongs to a different product type category.
	✓ Two separate product groups are established: lumber and wood in chips and particles (chips and sawdust are combined in the same product group).	Chips and particles may be combined in the same product type class (W3 Wood in chips or particles).
	✗ One product group is established combining lumber, chips and sawdust.	Lumber, chips and sawdust belong to different product type categories.
Pine and oak logs are processed generating lumber, chips and sawdust.	✓ Three separate product groups are established: pine lumber, oak lumber, wood in chips and particles (combining residues from pine and oak processing)	Pine and Oak lumber are not exchangeable products. However, in the case of “wood in chips and particles” the two species can be combined since they don’t change the output product quality.
	✗ One product group “lumber” is established combining pine lumber and oak lumber.	Pine and Oak lumber are not exchangeable products.
Tables made of a combination of MDF and veneer.	✓ A product group “tables” is established combining inputs of MDF and Walnut veneer in different dimensions and shape (e.g. round and square tables).	Variations of material or product dimension or shape are accepted within the same product group.
	✗ A product group “tables” is established combining inputs of MDF and veneer of several wood species in different dimensions and shape (e.g. round and square tables). Walnut, Sapele and Maple veneer are combined in the same product group.	Walnut, Sapele and and Maple veneer cannot be exchanged without altering the output product quality (value and appearance).
Tables made of a combination of MDF and melamine paper.	✓ A product group “tables” is established combining MDF and melamine paper in different sizes and melamine colors (e.g. white melamine paper and melamine paper imitating wood are combined in the same product group).	Printing, painting and other finishing processes are not considered quality indicators.
Paper made of a combination of fresh and reclaimed fibre.	✓ A product group for newsprint paper is established combining fresh and reclaimed fibre in the composition in different proportions. Some output products within a product group are white and others are brown due to changes in the fibre proportions and bleaching process.	Different types and proportions of fibre can be combined in the same product group provided they don’t alter the output product function. The output product shall fall under the same product type category.
	✗ The same fresh and reclaimed fibre are used for the production of tissue paper and printing paper, and therefore are combined in the same product group. Tissue paper and printing paper are combined in the same product group.	Tissue paper and printing paper don’t share similar output characteristics and belong to different product type categories

Annex C. Examples on the application of the FSC control systems

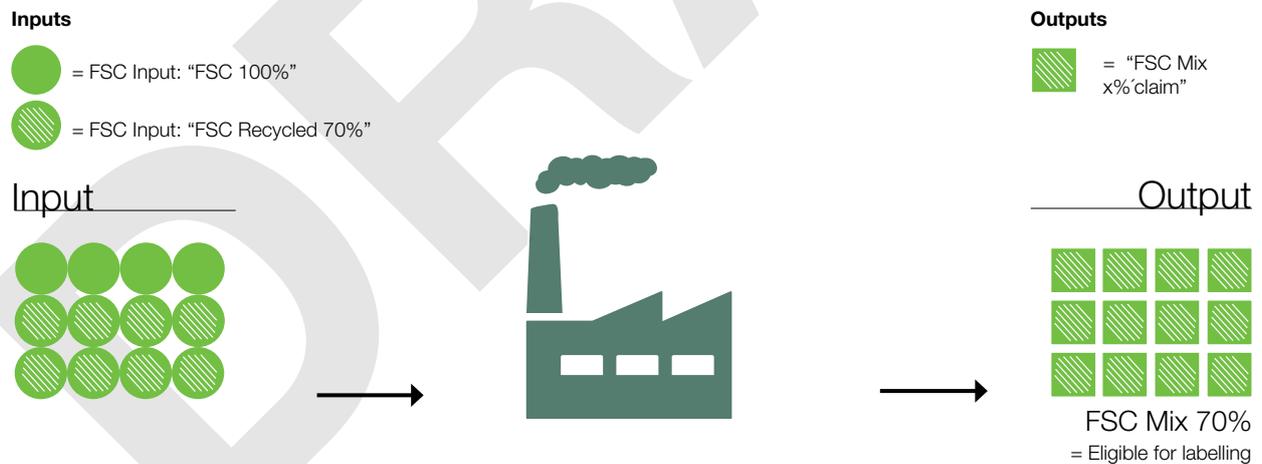
Transfer System

Example A: Product groups with single input material



FSC output claim determination: In the scenario above, a single input material is used and its claim (FSC 100%) is transferred to the outputs.

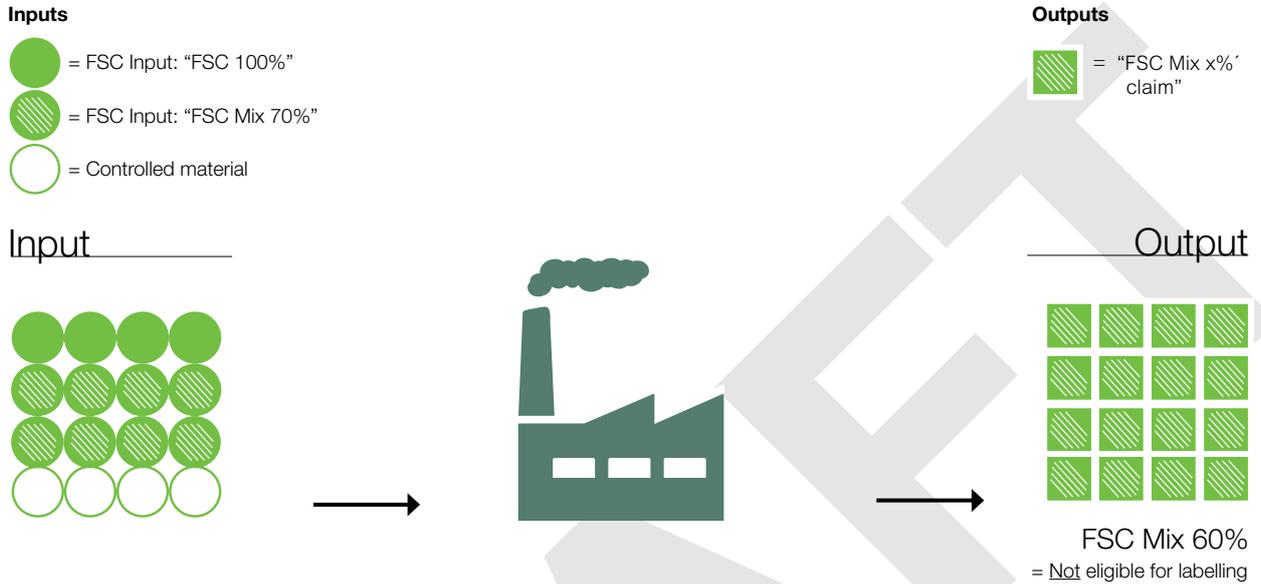
Example B: Product groups with a combination of two or more input materials of different material categories



FSC output claim determination: According to the requirements specified in Table D, the combination of virgin material (FSC 100%) and reclaimed material (FSC Recycled x%) in the transfer system results in an FSC Mix x% claim for the output products (see definition of FSC Mix).

Percentage system

Example C: Product groups with a combination of two or more input materials of different material categories



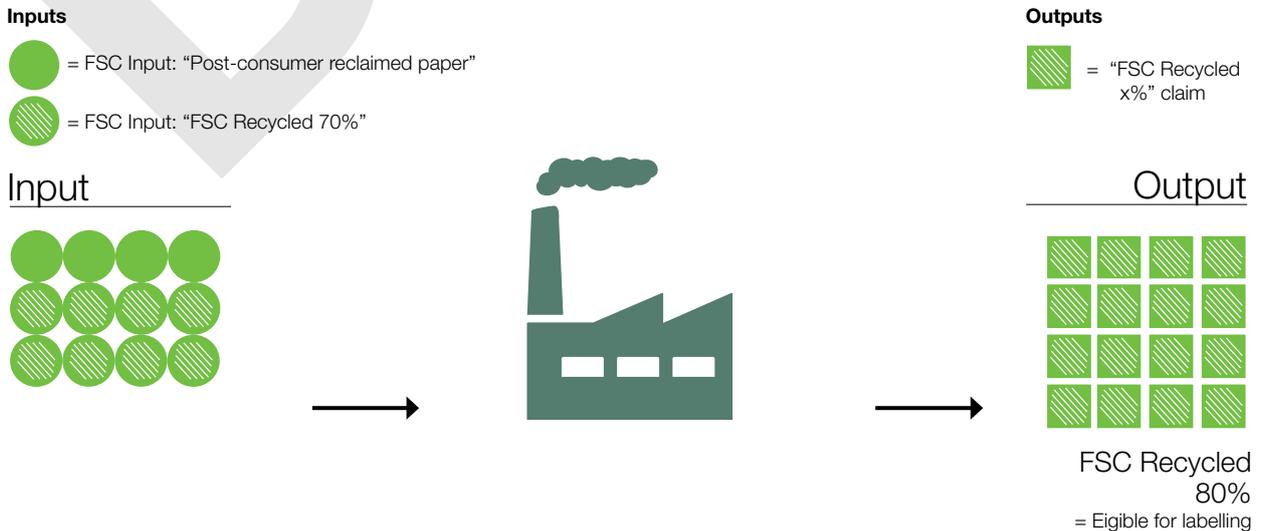
The FSC claim for the output is calculated as follows:

$$\frac{(4 \times 100\%) + (8 \times 70\%)}{4 + 8 + 4} \times 100\% = \frac{4 + 5.6}{16} \times 100\% = 60\%$$

- 4 units of FSC 100% input
- 8 units of FSC Mix 70% input
- 4 units of controlled material

FSC output claim determination: In the scenario above, the combination of three different types of virgin material (FSC 100%, FSC Mix 70% and FSC Controlled Wood) input result in an FSC Mix claim for the outputs (see definition of FSC Mix).

Example D: Product groups with a combination of two or more input materials of different material categories



The FSC claim for the output is calculated as follows:

$$\frac{4 + (8 \times 70\%)}{4 + 8} \times 100\% = \frac{4 + 5.6}{12} \times 100\% = \mathbf{80\%}$$

4 units of post-consumer reclaimed
8 units of FSC Recycled 70% input

FSC output claim determination: In the scenario above, the combination of two different types of reclaimed inputs (post-consumer reclaimed and FSC Recycled 70%) result in an FSC Recycled claim for the outputs (see definition of FSC Recycled).

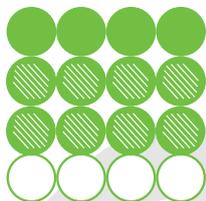
Credit system

Example D: Product groups with a combination of two or more input materials of different material categories

Inputs

-  = FSC Input: "Pre-consumer reclaimed paper"
-  = FSC Input: "FSC Mix 70%"
-  = Controlled material

Input



Outputs

-  = "FSC Mix credit"
-  = "FSC Controlled Wood" claim

Output



FSC Mix credit
= Eligible for labelling



FSC Controlled Wood
= Not eligible for labelling

The number of output units which can be sold with an 'FSC Mix Credit' claim is calculated as follows:

$$(4 + (8 \times 70\%)) \text{ units} = 4 + 5.6 \text{ units} = \mathbf{9.6 \text{ units}}$$

The remainder of **6.4 units** can be sold as 'FSC Controlled Wood'.

4 units of pre-consumer reclaimed paper input
8 units of FSC Mix 70% input
4 units of controlled material

FSC output claim determination: In the scenario above, the combination of reclaimed material (pre-consumer reclaimed paper) and virgin material (FSC Mix 70% and FSC Controlled Wood) result in an FSC Mix claim for the outputs (see definition of FSC Mix).

Annex D. 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:

Approval date: The date on which an FSC normative document is approved by the approval body.

Assembled product: Product that is constructed from two or more forest-based components (e.g. solid wood and particle board), assembled together to form another product (e.g. furniture, musical instruments, plywood, laminated products, and packaging or printed materials containing different paper components).

CITES species: CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) is an international agreement between governments. Its aim is to ensure that international trade in specimens of wild animals and plants does not threaten their survival.

Co-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).

Certification body: A body that performs conformity assessment services and that can be the object of accreditation (adapted from ISO/IEC 17011:2004 (E)).

Chip and fibre product: A product in which all wood inputs are 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. Eligible 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 an FSC Mix x% or FSC Recycled x% claims that count as claim-contributing input is proportional to the percentage stated on the supplier's sales documents (e.g. if 10kg are received with an FSC Mix 70% claim, only 7kg counts as claim-contributing input). The full amount of input materials received with an FSC Mix Credit or FSC Recycled Credit claim counts as claim-contributing input (i.e. 100% of the input amount).

Claim period: A period of time that has been specified by the organization for each product group for the purpose of making a specific FSC claim. The minimum length of the claim period is the length of time to complete a batch run including receipt, storage, processing, labelling and sale of the output product.

Common Ownership: Ownership structure where all sites under the scope of the chain of custody certificate are owned by the same organization. Ownership means at least 51% of ownership interest over the sites.

Complaint: An expression of dissatisfaction provided in writing by any person or organization in relation to the organization's conformity to the requirements applicable to the scope of the organization's CoC certificate including the name and contact information of the complainant, a clear description of the issue and evidence to support each element or aspect of the complaint.

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

Community producer: A forest management unit (FMU) that complies with the following tenure **and** management criteria:

Tenure: The legal right to manage a FMU (e.g. title, long-term lease, concession) is held at the communal level, **and**

- i. the community members must be either indigenous peoples¹ or traditional peoples², **or**
- ii. the FMU meets the eligibility criteria³ for small and low intensity managed forests (SLIMFs)

Management: The community actively manages the FMU unit through a concerted effort (e.g., under a communal forest management plan) or the community authorizes management of the forest by others (e.g., resource manager, contractors, forest products company).

If the community authorizes management of the forest by others, criterion 1 **and** either criterion 2 or 3 must be met:

- iii. The community's own representative institution⁴ has legal responsibility for the harvesting operations, **and**
- iv. The community performs the harvesting operations **or**
- v. The community's own representative institution is responsible for the forest management decisions, and follows and monitors the operations.

NOTE: The forest can be either located in a communal forest and/or on individually-assigned plots, as long as the right to use the forest is communally held (e.g. Mexican ejidos, Brazilian sustainable development reserves).

Contracting organization: Individual, company, or other legal entity using a contractor for any activities under the scope of an FSC CoC certificate.

Contractor: Individual, company, or other legal entity contracted by an organization for any activities under the scope of an FSC CoC certificate.

Controlled material: Input material supplied without an FSC claim which has been assessed to be in conformity to the requirements of 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.

Corruption Perception Index (CPI): A ranking of countries developed and maintained by the organization Transparency International which measures the degree to which corruption is perceived to exist in the public sector of each country. (see www.transparency.org)

¹ Definition of Indigenous Peoples in FSC Principles and Criteria for Forest Management (version 5, draft 5): "People and groups of people that can be identified or characterized as follows: The key characteristic or criterion is self-identification as indigenous peoples at the individual level and acceptance by the community as their member; historical continuity with pre-colonial and/or pre-settler societies; strong link to territories and surrounding natural resources; Distinct social, economic or political systems; distinct language, culture and beliefs; form non-dominant groups of society; resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities. (Source: Adapted from United Nations Permanent Forum on Indigenous, Factsheet 'Who are indigenous peoples' October 2007; United Nations Development Group, 'Guidelines on Indigenous Peoples' Issues' United Nations 2009, United Nations Declaration on the Rights of Indigenous Peoples, 13 September 2007)

² Definition of Traditional Peoples proposed in FSC Principles and Criteria for Forest Management (version 5, draft 5): Traditional peoples are social groups or peoples who do not self-identify as indigenous and who affirm rights to their lands, forests and other resources based on long established custom or traditional occupation and use. [Source: Forest Peoples Programme (Marcus Colchester, 07 October 2009)]

³ See SLIMF Eligibility Criteria (FSC-STD-01-003)

⁴ United Nations Declaration on the Rights of Indigenous Peoples Article 19: States shall consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions in order to obtain their free, prior and informed consent before adopting and implementing legislative or administrative measures that may affect them.

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, FSC Recycled Credit or FSC Controlled Wood claims.

Credit System: FSC control system which allows a proportion of outputs of a product group 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. Examples of delivery documents are delivery notes, shipping documents, transport documents, packing lists.

Economic and Monetary Union: A type of trade bloc which is composed by an economic union (common market and customs union) with a monetary union.

Effective date: The date on which the published FSC normative document becomes applicable for use.
Eligible input: Virgin and reclaimed input material that is eligible to enter a specific FSC product group depending on its material category.

End-user (end-consumer): A person or organization that purchases and uses a product rather than one that produces or sells it.

False claims: FSC claims made on sales documents of products that are not eligible to be sold as FSC-certified or FSC Controlled Wood. False claims may be intentional or not. False claims are different from inaccurate claims where a product that is eligible to be sold as FSC-Certified is sold with the wrong claim.

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-user. 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 the customers. For example, lumber or paper does not classify as a finished product if sold to a manufacturer that will further transform these materials into other products.

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

Forest-based: Organic materials and products produced within a forest matrix, including wood and non-timber forest products.

Fraud: The offence of intentionally labelling and/or making FSC claims on sales documents of products that are not eligible to be sold as FSC certified or FSC Controlled Wood.

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 Controlled Wood is not considered to be FSC-certified product.

FSC claim: A claim made on sales and delivery 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 with the 'FSC Controlled Wood' claim.

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

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

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

NOTE: Product groups that are exclusively made of controlled material, FSC Controlled Wood and/or reclaimed material are not eligible to be sold with the FSC Mix claim.

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 recycled products based on inputs exclusively from reclaimed sources.

FSC Transaction: Purchase or sale of products with FSC claims on sales documents.

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

Material category: Class of virgin or reclaimed material that 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 (i.e. non-forest based material). 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.

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

Non-timber forest product: Any forest-based product except wood (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 products originating from a forest matrix.

Online Claims Platform (OCP): An FSC digital platform where transactions of FSC certified products by FSC certificate holders are recorded for the purpose of transaction verification.

On-product: The 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 to 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 (i.e. activities or tasks that produce a specific service or product) to another organization rather than staffing it internally. Outsourcing activities usually take place outside the organization's facilities. However, the organization may establish outsourcing agreements with other companies operating within its facilities when the organization has no control or supervision over the activities performed by the contractor.

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 an individual or household, or by a commercial, industrial, or institutional facility in its role as end-user 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 share basic input and output characteristics and thus can be combined for the purpose of control of FSC output claims and labelling.

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

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

Publication date: The date on which the approved FSC normative document is announced and published on the FSC website (usually a minimum of 90 days prior to the effective date).

Quality: A distinctive attribute or property of a material or product. 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 appearance (Note: the appearance is determined by the intrinsic material properties. Printing, painting and other finishing processes are not considered quality indicators).

NOTE: 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.

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, post-consumer reclaimed, and pre-consumer reclaimed. This category excludes the reuse of virgin forest residues such as salvaged wood and other organic materials produced outside a forest matrix (e.g. agricultural residues).

Retailer: An organization that sells finished products to the public 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, not greater than 12 months.

Sales document: A legal commercial instrument that attests to the sale of a product (e.g. invoice, bill of sale, contract of sale, credit notes). It can be physical or electronic and it identifies both the trading parties, the items sold, quantities, dates of sale, prices, and payment terms.

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 controlled material or sold as FSC Controlled Wood.

Scope: The organization's product groups, sites 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.

Small producer: A forest management unit (FMU) or group of FMUs that meet(s) the SLIMF eligibility criteria (FSC-STD-01-003a) and addenda. For FM group certificate holders that include non-SLIMF FMUs, only the FMUs categorized as SLIMFs are eligible.

Solid wood product: A product that is composed of a solid piece of wood (e.g. log, beam, plank).

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

Supply chain: The supply chain is the network of companies producing, handling and/or distributing a specific product, encompassing the steps it takes to transform a product from the raw material(s) to the final product and its distribution to the end-customer.

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).

Trading Partners: Suppliers and customers of the organization for products purchased or sold with FSC claims.

Transaction Verification: Verification by certification bodies that FSC output claims made by certificate holders are accurate and match with the FSC input claims of their trading partners.

Transition period: The period of time (usually one year) after the effective date in which the new version of an FSC normative document is phased-in and in parallel the old version is phased-out (where it exists). To allow for gradual introduction, both versions are valid for an overlapping period of time. Six months after the end of the transition period, certificates issued against the old version are considered invalid.

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



Forest Stewardship Council®

ic.fsc.org

FSC International Center GmbH
Charles-de-Gaulle-Straße 5 · 53113 Bonn · Germany



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