

FSC DIRECTIVE

FSC-DIR-20-011 EN

FSC Directive on Chain of Custody Evaluations



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FSC International Center GmbH · Charles-de-Gaulle-Strasse 5 · 53113 Bonn · Germany ·
T +49 (0) 228 367 66 0 · F +49 (0) 228 367 66 30 · fsc@fsc.org · www.fsc.org
Geschäftsführer | Director: Andre de Freitas · Handelsregister | Commercial register: Bonn HRB12589

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E-mail for comments:	policy.standards@fsc.org

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

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

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

Foreword

FSC received various comments from Certification Bodies and stakeholders requesting a reduction in the number of normative documents to make the documented certification system more comprehensible. FSC therefore combined all previous Advice Notes related to a standard into single documents which are called “directive”. Where new interpretation will be approved, these will be added to the directive and the revised document will be reissued.

The intention of this document is to standardize understanding and implementation of requirements by FSC accredited certification bodies and certificate holders.

This document will be revised as required. The content of the directive will be incorporated into the related standards in each review as appropriate.

Changes to the directive will be announced to the FSC Network immediately.

Note on use of this directive

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

Please send any comments or suggestions regarding this document to:

FSC International Center
– Policy and Standards Program –
Charles-de-Gaulle Str. 5
53113 Bonn, Germany
Phone: +49-228 / 367-6628
Fax: +49-228 / 367-6630
E-Mail: policy.standards@fsc.org

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A Scope

This document provides FSC's formal interpretation of the requirements included in FSC-STD-20-011.

B Effective date

The effective date is specified for each advice separately.

C References

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

FSC-STD-20-011 Accreditation Standard for Chain of Custody Evaluations

D FSC normative documents replaced by this version of the Directive:

FSC-ADV-20-009 V1-0 Ensuring compliance when resuming FSC activity

FSC-ADV-20-010 V1-0 Evaluation of Minor Components Derogation Applications

FSC-ADV-40-016 V 2-0 EN Implementation of FSC Controlled Wood requirements in FSC STD-40-005 V2-1 and FSC-STD-20-011 V1-1

FSC-GUI-20-200 FSC Guidelines for Certification Bodies Part 3.

E Terms and definitions

Terms and definitions are provided in *FSC-STD-01-002 FSC glossary of terms*. Further advice-related definitions are provided in the context of each advice.

Part 1 General Issues

- 1 The FSC Directive is providing certification bodies and other stakeholders with clear advices on the implementation of FSC's international policies and standards. A directive is designed to provide formal advice in relation to a single specific issue or question raised with the FSC International Center. All advices on a series of issues related to a specific FSC international policy or standard are collected in one document to improve accessibility of interpretations for certification bodies, certificate holders and interested parties.
- 2 If a certification body is in doubt about the correct implementation of an FSC policy or standard, the certification body must request clarification from the FSC Policy and Standards Unit. If required, such clarification will be provided in the form of a new directive.
- 3 Prior to the finalisation of an advice, a certification body may make its own decision in relation to a question for which clarification has been sought. In such a case, responsibility for the consequences of the decision shall rest exclusively with the certification body concerned. Formal advice subsequently provided by the FSC International Center will be applicable retrospectively.
- 4 The advices provided in this document represent the formal position of the FSC International Center unless and until it is superseded by the approval of a more recent policy, standard, or advice. In such cases the requirements specified in the more recent document shall take precedence.
- 5 Certification bodies are required to comply with the most recent formal advices, and the FSC Accreditation Business Unit will base its evaluations and issue of corrective actions on these.
- 6 Finalised advices are approved by the Head of the Unit of the Policy and Standards Unit or the FSC Director General. If a certification body wishes to contest the advice provided it may do so by requesting a formal review and decision by the FSC Policy and Standard Committee. Until and unless such a review and decision has been finalised, the certification body shall continue to comply with the position of the FSC International Center.
- 7 Directives are under continual review and may be revised or withdrawn in response to new information, experience or changing circumstances, for example by the development of new policies or standards approved by the FSC Board of Directors.

Part 2 FSC ADVICES

ADVICE-20-011-01	Evaluation of Minor Components Derogation Applications
Normative reference	FSC-STD-20-011 V1-1, Clause 12.10
Effective date	13 May 2009
Terms & definitions	The definitions provided in FSC-STD-20-011, FSC-STD-40-004, and FSC-PRO-40-004 apply.
Background	<p>The responsibility of the FSC Policy and Standards Unit to evaluate minor components derogation applications where non-eligible forest-based material in minor components exceeds 1% by volume or weight of the virgin and reclaimed materials in the product has proven to entail long-winded evaluation processes and cumbersome communications with the applicants. While it has allowed FSC to gain an understanding of the most significant supply shortages of FSC-certified and controllable materials and thereby facilitated the development of generic derogations¹, the above-mentioned disadvantages outweighed these benefits.</p> <p>At the same time, certification bodies already deal with minor components derogation applications below the 1% threshold (according to Clause 13.2.1 of FSC-STD-40-004) and have effective procedures in place to ensure their evaluation in a timely manner. FSC therefore has concluded that certification bodies should be enabled to manage all derogation applications, and that the role of the Policy and Standards Unit instead would be to evaluate generic material derogation requests and provide guidance for specific component derogations, if required.</p>
Advice	<p>FSC-accredited certification bodies are authorized to evaluate derogation applications that follow Clause 13.2.2 of FSC-STD-40-004 V2-0.</p> <ol style="list-style-type: none"> 1 Certification bodies no longer have to submit derogation applications on behalf of their clients to the FSC Policy and Standards Unit for evaluations as required by Clause 12.10 of FSC-STD-20-011. 2 Instead, certification bodies may take responsibility for the evaluation of their clients' derogation applications by following Part II of FSC-PRO-40-004 V2-0. <p>NOTE: For both applications and evaluations use of FSC-PRO-40-004b is required.</p> <ol style="list-style-type: none"> 3 Responsibility for the evaluation of minor components derogation applications encompasses being in charge of both, already submitted yet not evaluated applications and any forthcoming applications. <p>NOTE: Certification bodies will be notified by the FSC Policy and Standards Unit about the number and status of submitted applications.</p> <ol style="list-style-type: none"> 4 The certification body shall inform the applicant about any change in responsibility for evaluating the application in a timely manner. 5 Certification bodies may ask the FSC Policy and Standards Unit to continue conducting the evaluations if they do not have the capacity to process a <i>derogation</i> application according to Clause 13.2.2 of FSC-STD-40-004 V2-0. <p>NOTE: In this case, FSC will charge a service fee.</p>

¹ Generic derogations are issued by the FSC Policy and Standards Unit for materials where aggregated market research has resulted in substantiated evidence that suitable raw materials are currently not available as *eligible input* for FSC *product groups*. These generic material derogations are listed together with individually approved (certificate holder specific) derogations in FSC-PRO-40-004a.

ADVICE-20-011-02	Ensuring organizations' compliance with newly effective standard requirements when resuming FSC business activity
Normative reference	FSC-STD-20-011 V1-1, Clause 13.2.1
Effective date	16 March 2009
Terms & definitions	The definitions provided in FSC-STD-20-011 and FSC-STD-40-004 apply.
Background	<p>This advice provides clarification to certification bodies regarding their responsibilities for surveillance of organizations holding an FSC Chain of Custody certificate that are to be evaluated within the applicable audit cycle against a newly approved certification standard or a new release following a major revision. The Advice Note addresses the following situations:</p> <ul style="list-style-type: none"> • the organization is opting to waive its surveillance audit following FSC-STD-20-011 V1-1, clause 13.2.1 • the organization's certificate is currently suspended <p>Section B.2 of "FSC-STD-40-004 (Version 2): FSC Standard for Chain of Custody Certification" in conjunction with clause 13.2.1 of "FSC-STD-20-011: Accreditation standard for Chain of Custody evaluations" does not indicate whether certification bodies could also waive surveillance audits in the event that a required new certification standard (or a new version after a major revision) has become effective since the previous audit.</p> <p>Neither is it clear whether any additional safeguards would have to be put in place in order to prevent an organization from restarting its FSC activities based on outdated certification requirements in the event of a lapse of surveillance audits due to a qualified waived audit or certificate suspension.</p>
Advice	<p>1 For surveillance audits at the time of which a required certification standard has become effective – newly or following a major revision – clause 13.2.1 may only be applied with the following amendment to the conditions stipulated by its sub-clauses:</p> <p>1.1 The certification body shall conduct an assessment of the organization's procedures against the relevant new standard requirements at the regular time scheduled for the surveillance audit.</p> <p>1.2 The assessment shall be carried out on-site if:</p> <ul style="list-style-type: none"> a) the organization's Chain of Custody system requires adjustments due to changed requirements that, if left unaddressed, are likely to result in major non-compliances; b) the organization will use a new system for controlling FSC claims under a specific product group (see Part II, FSC-STD-40-004 V2-0); c) the certification body deems this necessary to evaluate the implementation of corrective action requests or a change of the certificate scope. <p>NOTE: The intent is to ensure that organizations are in full compliance with the new or revised standard at the time they again take up activities under the scope of their FSC Chain of Custody certificate.</p> <p>2 In case a suspension of an organization's Chain of Custody certificate extends beyond the scheduled time of their regular surveillance audit at the time of which a certification standard has become effective – newly or following a major revision – the following applies:</p> <p>2.1 The certification body shall conduct an assessment of the organization's procedures to ensure that they are in compliance with relevant new standard requirements at the time when suspension is lifted.</p>

ADVICE-20-011-03	When shall an FSC Controlled Wood code be issued by the certification body?
Normative reference	FSC-STD-20-011 V1-1 Clause 12.6; FSC-STD-40-005 V2-1 Clause 15.1, 15.2 f; FSC-STD-40-004 V2-0, Clause 6.1.1 f.
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	The FSC Controlled Wood code generally represents that the company has included the sale of 'FSC Controlled Wood' for at least one FSC product group in the scope of their FSC Chain of Custody certificate.
Advice	<p>1 An FSC Controlled Wood code shall be issued to all companies wishing to make FSC claims related to 'FSC Controlled Wood' in sales and transport documentation. For other activities under FSC-STD-40-005 V2-1 related to the sourcing of non-FSC certified materials (e.g. identification of origin, risk assessments, field verification) no such code needs to be issued.</p> <p>NOTE: FSC Controlled Wood codes that already have been issued may be retained. New FSC Controlled Wood codes may also be issued for activities under FSC-STD-40-005 V2-1 related to the sourcing of non-FSC certified materials.</p> <p>2 The certification body shall not issue the FSC Controlled Wood code if there are outstanding major non-compliances with requirements of FSC-STD-40-005 V2-1.</p>

ADVICE-20-011-04	Field verification audits, results, decision making and required actions
Normative reference	FSC-STD-20-011 V1-1 Clause 13.3 d; FSC-STD-40-005 V2-1 Annex 3
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	-
Advice	<p>1 Companies who are not able to identify and provide documents or other evidence needed to demonstrate that a wood supply complies with the requirements for FSC Controlled Wood for each of the five FSC Controlled Wood categories shall consider them as 'unspecified risk' and implement a field verification audit at the forest management unit (FMU) level <u>prior to</u> accepting material from these forest management units as controlled. Field verification only has to be done for those CW categories previously identified as 'unspecified risk'.</p> <p>2 Certification body's field audits to suppliers of wood from unspecified risk sources may be conducted in coincidence with the field verification audit by the company.</p> <p>3 If any FMU within the field verification program does not fulfill the requirements as specified in Annex 3 of FSC-STD-40-005 V2-1, the timber from that FMU shall not be accepted as controlled. In addition to this, the company shall randomly choose another FMU within the set of similar FMUs for each one removed and conduct an additional audit in the same year that will allow it to make a final decision on the quality of its Controlled Wood verification program. The latter only applies to FMUs which can be evaluated based on sampling.</p>

ADVICE-20-011-05	What is the sampling rate and pool that certification bodies shall use for field evaluations of supplies from sources with unspecified risk?
Normative reference	FSC-STD-20-011 V1-1 Clause 13.3 d; FSC-STD-40-005 V2-1 Annex 3
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	-
Advice	<ol style="list-style-type: none"> 1 The basis for the sampling formula to be conducted by certification bodies shall be the sample utilized by the company (i.e. $x = 0.8 \cdot \sqrt{y}$, where 'y' represents the sample used by the company). 2 The annual sampling pool for certification bodies shall be the FMUs that the company has visited as part of their company verification program. 3 If <u>another</u> FSC accredited certification body conducted a field visit to an FMU as part of the company verification program, that site can be excluded from the sample.

ADVICE-20-011-06	What are examples of major non-compliances with the requirements of FSC-STD-40-005 V2-1?
Normative reference	FSC-STD-20-011 V1-1 Clause 4.2.2 and 4.3.2
Effective date	Approved 15 April 2008 First Revision 24 June 2008 Second Revision 08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification. <i>FMU</i> : Forest Management Unit. In the context of Controlled Wood the same definition of FMU applies as for FSC certification (see FSC-STD-01-002).
Background	-
Advice	<p>The following are examples of major non-compliances with the requirements of FSC-STD-40-005 V2-1:</p> <ul style="list-style-type: none"> - absence of a publicly available written policy commitment, - non compliance with one or more elements of the policy commitment, - absence of eligible documentation to demonstrate the district of origin for each supply, - missing or incomplete risk assessment(s), - failure to submit the risk assessment for new districts to the CB for review, - use of controlled wood in certified product groups without an approved risk assessment, - absence of a complaints mechanism, - absence of forest supplier audits in districts with unspecified risk. <p>NOTE: Major non-compliance may require immediate action to be taken by the client, e.g. if the integrity of the FSC Trademark is threatened.</p>

ADVICE-20-011-07	Can a Certification Body issue a certificate that gives exclusive rights of commercialization to the organization who had paid for the certificate?
Normative reference	FSC-STD-20-011 Clause 1.4
Effective date	March 2005 (first published in <i>FSC-GUI-20-200</i>)
Background	<p>Forest management and chain of custody evaluations have often been paid for, wholly or partly, by organisations other than the entity being evaluated, for example by NGOs, retailers or product manufacturers further along a manufacturing chain.</p> <p>This can lead to confusion as to who has the right to make use of the certificate.</p> <p>For example, if a forest management evaluation has been paid for by a product manufacturer who buys wood from that forest, can that manufacturer prevent the forest owners supplying 'certified' wood to other manufacturers?</p> <p>Can a certification body issue a certificate that gives exclusive rights to the party that paid for the certificate, rather than the forest owner/manager?</p>
Advice	<ol style="list-style-type: none"> 1 When a forest management certificate is issued, it asserts that the certified forest management unit complies with the applicable Forest Stewardship Standard. The FSC International Center considers that the obligations and rights related to that certificate must rest entirely with the forest managers/owners, independent of the party that paid for the evaluation. Certificates must be issued in the name of the forest owners/managers with whom the obligations and rights rest. 2 FSC-accredited certification bodies may not issue certificates that limit the rights of certificate holders to sell or market their products as 'FSC-certified' beyond the requirements inherent in the applicable standard(s). 3 If the party that pays for the evaluation is not the owner/manager of the forest enterprise, then it is the responsibility of that party to agree with the owner/managers any special conditions relating to the exclusive use or marketing of products. 4 In the case of group certification the obligations and rights related to the forest management certificate rest with the group certificate holder. The certification body must ensure that the group certificate holder has the appropriate management authority to ensure that these obligations are met. It is the responsibility of the group certificate holder to agree with the owners/managers any special conditions relating to exclusive use or marketing of products. 5 The FSC International Center considers that a forest owner/manager who wishes to enter into some kind of exclusive agreement with another party may do so without the involvement of FSC or the certification body. The forest owner/manager has the mechanism to do this by determining whether or not invoices are issued with the forest management enterprise's joint forest/chain of custody certificate registration code. Only those products sold against invoices quoting the chain of custody code can enter into subsequent chains of custody, and be manufactured into FSC labelled products.

ADVICE-20-011-08	Can a manufacturer at the end of the chain possess a COC certificate covering the several links of the supply chain?
Normative reference	FSC-STD-20-011 Clause 1.4
Effective date	March 2005 (first published in <i>FSC-GUI-20-200</i>)
Background	<p>Many finished forest products are the result of processing by a number of different manufacturers.</p> <p>The pressure from a retailer to provide a certified product may be directed only at the manufacturer at the end of the supply chain, who delivers the finished product to the retailer. Such a manufacturer may be prepared to pay for the certification of the whole chain, from forest to final product, in order to meet the retailer's product requirements.</p> <p>Can such a manufacturer be issued with a single certificate, covering the chain of custody through several links of the supply chain?</p>
Advice	<ol style="list-style-type: none"> 1 At each link in the supply chain particular managers must be responsible for ensuring the integrity of the chain of custody. Experience shows that when a single certificate covers several links, and when the managers at each part of the link are not directly responsible to the company holding the certificate, the risk that the chain of custody breaks down is unacceptably high. 2 Certification bodies may not therefore issue certificates that cover more than one link in the chain of custody. Certificates must be issued to the company that has direct management responsibility for the system of chain of custody under their control. 3 A manufacturer may of course pay for earlier links in the chain of custody to ensure a supply of certified product. In such case a manufacturer may enter into exclusivity arrangements with his own suppliers, in exchange for paying for the chain of custody control. The certification body may not however issue 'exclusive' certificates (see ADVICE-20-011-07, above).