

FSC DIRECTIVE

FSC Directive on Chain of Custody Certification

FSC-DIR-40-004 EN



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

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

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

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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 into single documents which are called “directive”. A directive includes all advices issued in relation to a single standard. The relation to a standard is reflected in the document code. Where new interpretation is 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 major review as feasible.

Changes and amendments 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.

A Scope

This document provides FSC's formal interpretation of the requirements included in FSC-STD-40-004.

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-40-004 Standard for Chain of Custody Certification

D FSC normative documents replaced by this Directive

FSC-ADV-40-004 V2-0 Expiry of transitory requirements specified by FSC-ADV-40-004.

FSC-ADV-40-017 V1-1 FSC Certified CoC Contractors

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* and in *FSC-STD-40-004 Standard for Chain of Custody Certification*. Further advice-related definitions may be provided in the context of each advice.

Please send any comments or suggestions regarding this document to:

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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-40-004-01	FSC certified CoC contractors
Normative reference	FSC-STD-40-004 V2-0 Section 12
Effective date	FSC certified CoC organizations may apply this advice from 9th February 2010 and, if applicable, shall be assessed for compliance from 1st January 2011 onwards.
Terms & definitions	<p>The terms defined in FSC-STD-20-011 and FSC-STD-40-004 apply. The following terms are introduced by this Advice Note and are put in italics throughout the document:</p> <p>Contracting organization: Individual, company or other legal entity contracting a contractor for the production or processing of an FSC certified product under an outsourcing agreement.</p> <p>NOTE: The contracting organization may or may not be an FSC certified CoC organization. Part C of this Advice Note is structured according to the FSC certified status of the contracting organization (see Part C, Table 1).</p> <p>Contractor: Individual, company or other legal entity contracted by a contracting organization for the production or processing of an FSC certified product under an outsourcing agreement.</p> <p>NOTE: In the context of this Advice Note, the contractor is an FSC certified organization (see Part C, Table 1).</p> <p>FSC certified CoC organization: Individual, company or other legal entity holding a valid FSC Chain of Custody certificate which confirms that appropriate procedures are in place for the production, processing or trade of a specific product – or that FSC certified CoC contractors are used for this purpose – that allow the organization to sell, provide or promote the product with FSC claims.</p> <p>Outsourcing agreement: A written agreement between a contracting organization and a contractor about the service of producing or processing an FSC certified product or material, where the contracting organization retains control of and responsibility for the purchasing of input material from the (billing) supplier and for the sale of the output product to the customer. Input material may be shipped from the contracting organization or from the (delivering) supplier to the contractor and the output product may be returned or shipped from the contractor to the contracting organization or to the contracting organization's customer.</p> <p>Supplier (billing): FSC certified CoC organization selling material with FSC claims to the contracting organization.</p> <p>Supplier (delivering): FSC certified CoC organization delivering the material to the contractor and selling the material with FSC claims to the billing supplier or to the contracting organization.</p>
Background	<p>This directive deals with the implications for FSC certified CoC organizations, either functioning as or making use of FSC certified CoC contractors. In particular, clarification is provided on the following issues:</p> <ul style="list-style-type: none"> • under which conditions contract work for an FSC certified product can be provided for non-FSC certified CoC contracting organizations; • what the benefits and implications are for FSC certified CoC contracting organizations that use FSC certified CoC contractors. <p>The FSC Standard for Chain of Custody Certification (FSC-STD-40-004) requires organizations that take legal ownership of materials and want to</p>

	<p>maintain or change the FSC claim associated with the output product to have FSC Chain of Custody certification.¹ The standard further specifies the requirements to follow for FSC certified CoC contracting organizations in order to use non-FSC certified CoC contractors for this purpose.</p> <p>The questions, however, what the implications are for an FSC certified CoC contracting organization to use FSC certified CoC contractors, and whether contract work for an FSC certified product could be provided also for non-FSC certified CoC contracting organizations were not consistently dealt with in practice. In particular the latter question required some fundamental judgement, as some certification bodies considered contract work for non-FSC certified CoC contracting organizations to be generally not in line with standard requirements, while others found outsourcing arrangements where the non-FSC certified CoC contracting organization would not obtain physical possession of the input material to be acceptable under certain additional stipulations.</p> <p>This Advice Note follows the latter approach based on the judgement that there would not be an increased risk associated with such outsourcing arrangements for non-FSC certified products to be labelled and sold as FSC certified, provided that additional safeguards were in place. The Advice Note stipulates these safeguards and aims at providing the relevant answers to the questions raised above.</p>																				
Advice	<table border="1" data-bbox="480 913 1342 1173"> <thead> <tr> <th colspan="3">Table 1: Outsourcing scenarios dealt with by this Advice Note</th> <th colspan="2">FSC certified status</th> </tr> <tr> <th>Section</th> <th>Requirements for</th> <th>Details</th> <th>Contractor</th> <th>Contracting organization</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Contractor</td> <td>Providing contract work for non-FSC certified CoC organizations</td> <td>FSC</td> <td>non-FSC</td> </tr> <tr> <td>2</td> <td>Contracting organization</td> <td>Using FSC certified CoC contractors</td> <td>FSC</td> <td>FSC</td> </tr> </tbody> </table> <p>1 Providing contract work for non-FSC certified CoC organizations – conditions for FSC certified CoC contractors</p> <p>NOTE: This section applies for outsourcing arrangements where the contractor is an FSC certified CoC organization and the contracting organization is a non-FSC certified CoC organization. Under this scenario, the contracting organization cannot sell the product with an FSC claim to commercial customers. The contracting organization may, however, use the FSC trademarks to promote the product towards final consumers as specified by FSC-TMK-50-201.</p> <p>Eligibility</p> <p>1.1 FSC certified CoC contractors are only eligible to provide FSC certified products for non-FSC certified CoC contracting organizations, if:</p> <p>1.1.1 The input material for the contract work is shipped directly from the delivering supplier(s) to the contractor, i.e. the contracting organization does not obtain physical possession of the input material.</p> <p>1.1.2 The contractor is provided with a copy of the invoice(s) from the delivering supplier(s) and, if not identical, from the billing supplier(s) that include(s) information sufficient to link the invoice(s) and</p>	Table 1: Outsourcing scenarios dealt with by this Advice Note			FSC certified status		Section	Requirements for	Details	Contractor	Contracting organization	1	Contractor	Providing contract work for non-FSC certified CoC organizations	FSC	non-FSC	2	Contracting organization	Using FSC certified CoC contractors	FSC	FSC
Table 1: Outsourcing scenarios dealt with by this Advice Note			FSC certified status																		
Section	Requirements for	Details	Contractor	Contracting organization																	
1	Contractor	Providing contract work for non-FSC certified CoC organizations	FSC	non-FSC																	
2	Contracting organization	Using FSC certified CoC contractors	FSC	FSC																	

¹ FSC-STD-40-004 V2-0, Section A

	<p>related transport documentation to each other. NOTE: Information on prices can be blacked out.</p> <p>1.1.3 The output product provided by the contractor is:</p> <ul style="list-style-type: none">a) a finished product;b) FSC labelled; andc) branded with the name, label or other identifying information of the contracting organization. <p>Labelling</p> <p>1.2 For each contract work, the contractor shall maintain control of applying the correct FSC label.</p> <p>1.3 The contractor shall ensure that its license code is used in the FSC label and submits the proof to its certification body for approval.</p> <p>2 Using FSC certified CoC contractors – conditions for FSC certified CoC contracting organizations</p> <p>NOTE: This section applies for outsourcing scenarios where the both the contractor and the contracting organization are FSC certified CoC organizations. Under this scenario, the product does not have to be FSC labelled or a finished product.</p> <p>Outsourcing agreement</p> <p>2.1 The outsourcing agreement shall specify the following:</p> <ul style="list-style-type: none">2.1.1 that the contractor provides the service under his FSC Chain of Custody system,2.1.2 that the contractor makes available relevant records and documentation to the contracting organization’s certification body upon request, and2.1.3 that the contracting organization’s license code shall be used, if the product shall be FSC labelled. <p>2.2 The outsourcing agreement and, if FSC certified CoC contractors are used for specific processes exclusively, the contracting organization’s control system for the outsourced process do not need to cover the following requirements stipulated by FSC-STD-40-004:</p> <ul style="list-style-type: none">– clauses 12.1.1 c), second sentence, and 12.1.1 d);– clause 12.2.1;– clauses 12.5.1, 12.6.1, and 12.7.1 <p>NOTE: FSC certified CoC contractors may use their own subcontractors in accordance with FSC-STD-40-004, section 12.</p> <p>Supplier validation</p> <p>2.3 The contracting organization shall apply the provisions for ‘supplier validation’ as specified by FSC-STD-40-004 also to the contractor.</p> <p>Labelling</p> <p>2.4 The contracting organization shall maintain control and responsibility of the correct FSC label being applied, if product labelling is part of the outsourced processing.</p> <p>2.5 The contracting organization shall ensure that its license code is used in the FSC label and shall submit the proof to its certification body for approval.</p>
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	<p>Auditing</p> <p>2.6 FSC certified CoC contractors are exempted from a potential inspection by the contracting organization's certification body, if the outsourced process is covered by the scope of the contractor's certificate.</p> <p>NOTE: The contractor is subject to evaluation and monitoring by its own certification body.</p>
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ADVICE-40-004-02	After the certificate issuance, when the company products will be eligible to carry the FSC logo?
Normative reference	FSC-STD-40-004 V2-0 Clause 10.1.1
Effective date	March 2005
Background	A forest product manufacture is often a continuous process. At the time that a certificate is issued there are likely to be products undergoing manufacture, products that have been manufactured but not yet shipped, and products that have been shipped but not yet put on sale by the buyer. Which of these products are eligible to carry the FSC Logo?
Advice	<ol style="list-style-type: none"> 1 The scope of the certificate defines the point at which the certified chain of custody starts, and the point at which it finishes. The chain of custody certificate provides a credible guarantee of compliance with the requirements of the specified standards between these points. This guarantee is valid from the time that the certificate is issued. Any product which is within the defined scope of the certificate at the time the certificate is issued may be considered to comply with the requirements of the applicable standard(s). Such products may be eligible for sale as 'FSC-certified' products. Products which have already left the scope of the certificate at the time the certificate is issued cannot be considered to be certified. 2 Normally this will mean that products that have already been sold, or shipped, prior to the issue of a certificate may not be described as certified, and are not eligible to carry the FSC Logo. 3 Clearly a company cannot issue an invoice describing products as certified prior to the issue of chain of custody certificate. Products sold without such an invoice cannot be described as certified, and are not eligible to carry the FSC Logo. 4 In the case of joint forest management and chain of custody certification, application of this guideline means that timber that had been felled prior to the issue of a certificate, but which has not yet been sold by the forest management enterprise may be sold as certified. 5 Equivalent considerations apply when a certificate is withdrawn or expires. Products which left the chain of custody whilst the certificate was valid were certified, and remain certified even after the certificate has been withdrawn. Products which have not yet left the chain of custody at the time the certificate is withdrawn will not be certified.

ADVICE-40-004-03	Reduced labelling threshold of 50% for chip and fibre based products
Normative reference	FSC-STD-40-004 V2-0, Clause 11.2.1a and 11.2.2
Effective date	14 February 2011
Terms & definitions	Company: the legal entity that must comply with FSC-STD-40-004 V2-0 which is either the certificate holder or an applicant for certification.
Background	<p>When the new Chain of Custody standard “FSC-STD-40-004 (Version 2): FSC Standard for Chain of Custody Certification” was approved in November 2007, the following previously established exemption was maintained by means of an Advice Note:</p> <ul style="list-style-type: none"> • A labeling threshold of 50% for chip and fibre based products under a percentage (or transfer) system. <p>NOTE: The exemption detailed in this advice is specifically related to the eligibility for <u>labelling</u> FSC products and not to the eligibility of producing or selling products with an FSC claim on invoices.</p>
Advice	<ol style="list-style-type: none"> 1 FSC certificate holders may request authorization from their certification bodies to continue labelling chip and fibre products based on a reduced labelling threshold of 50% until 31 December 2015. 2 Authorization shall only be granted for those product groups with chip and fibre components registered as being commercially produced based on a labelling threshold of 50% before 01 April 2011. 3 Certificate holders operating a transfer system that have not registered their product groups can also label products based on a labelling threshold of 50% in case they are able to demonstrate to their Certification Body that the material they receive has already been registered by a previous company or the material was received with an FSC on-product label. <ol style="list-style-type: none"> a) In the first case, sales and delivery documents issued by the supplier shall include the additional claim “registered” (e.g. “FSC Mixed 50% registered”); b) In the second case, the certificate holder shall retain evidence that the product was received with an on-product FSC label (e.g. packaging or product sample). 4 Certificate holders interested in the product registration shall submit the following documentation to their Certification Body until 31 March 2011: <ol style="list-style-type: none"> a) A list of product groups with products labelled on the basis of a 50% threshold, using the template provided in Annex A of this Directive; b) Copies of sales invoices for the registered products in each listed product group as evidence that they have been commercially produced. 5 Certification bodies shall upload the approved registration form into the FSC database following the procedures to make it publicly available. No new product groups can be added to this list after 31 March 2011. <p>NOTE: The registration form may be translated and uploaded in the language used by the company as long as the product group names are also included in English as in the company’s FSC product group</p>

	<p>list.</p> <p>6 Product groups registered by certification bodies according to this advice shall be in compliance with a labelling threshold of 70% as of 01 January 2016.</p> <p>NOTE: Companies that do not comply with the requirements of this advice are not eligible to label FSC products based on a 50% threshold as of 01 April 2011, and therefore shall apply a labelling threshold of 70% from this date onwards.</p>
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ADVICE-40-004-04	Use of uncontrolled co-products
Normative reference	FSC-STD-40-004 V2-0, Clauses 3.1.2, 3.3.1 and 3.4.1a, Footnote 10
Effective date	01 April 2011
Terms & definitions	Company: the legal entity that must comply with FSC-STD-40-004 V2-0 which is either the certificate holder or an applicant for certification.
Background	<p>When the new Chain of Custody standard “FSC-STD-40-004 (Version 2): FSC Standard for Chain of Custody Certification” was approved in November 2007 the following previously established exemption was maintained by means of an Advice Note:</p> <ul style="list-style-type: none"> Exemption of co-products from uncertified virgin material input to be confirmed as controlled material.
Advice	<p>1 Companies may request authorization from their Certification Bodies to continue using uncontrolled co-products in FSC Mixed product groups until 31 December 2012.</p> <p>2 Authorization shall only be granted for those product groups with chip and fibre components registered as being commercially produced using uncontrolled co-products before 01 April 2011.</p> <p>3 To request authorization, companies shall submit the following documentation to their Certification Body until 31 March 2011:</p> <p>a) A list of product groups with products containing uncontrolled co-products, using the template provided in Annex A of this Directive;</p> <p>b) Copies of sales invoices for the registered products in each listed product group as evidence that they have been commercially produced.</p> <p>4 Certification bodies shall upload the approved registration form into the FSC database. No product groups can be added to this list after 31 March 2011.</p> <p>NOTE: The registration form may be translated and uploaded in the language used by the company as long as the product group names are also included in English as in the company’s FSC product group list.</p> <p>5 All product groups registered by certification bodies according to this advice for which the use of uncontrolled co-products had been approved shall be in compliance with FSC-STD-40-005, specified by the Advice 40-005-17 (in FSC-DIR-40-005), from 01 January 2013.</p> <p>NOTE: All non-registered product groups shall be in compliance with FSC-STD-40-005, specified by the Advice 40-005-17 (in FSC-DIR-40-005), from 01 April 2011.</p>

ADVICE-40-004-05	Identification of FSC claims on sales and delivery documents
Normative reference	FSC-STD-40-004 V2-0, Clause 6.1
Effective date	14 February 2011
Terms & definitions	N/A
Background	The FSC Chain of Custody standard requires certificate holders to identify FSC certified products on sales and delivery documentation in order to pass on the FSC claim of certified products to subsequent customers. However, several organizations have limitations with providing complete FSC claims that are required due to space constraints in these documents.
Advice	<p>When the certificate holder has demonstrated it is not able to include the required FSC claim as specified in the FSC Chain of Custody standard in sales and delivery documents due to space constraints, through an exception, the certification body can approve the required information to be provided through supplementary evidence (e.g. supplementary letters, a link to the own company's webpage with verifiable product information). This practice is only acceptable when the certification body is satisfied that the supplementary method proposed by the company complies with the following criteria:</p> <ul style="list-style-type: none"> a) There is no risk that the customer will misinterpret which products are or are not FSC certified in the document; b) The sales and delivery documents contain visible and understandable information so that the customer is aware that the full FSC claim is provided through supplementary evidence; c) In cases where the sales and delivery documents contain multiple products with different FSC Claims, a clear identification for each product shall be included to cross-reference it with the associated FSC claim provided in the supplementary evidence.

Annex A. Form for product group registration and approval according to ADVICE 40-004-03 and ADVICE 40-004-04

Form for registration and approval of FSC product groups grandfathered with the reduced labelling threshold percentage and exemption of Controlled Wood requirements for co-products		
Organization details		
Organization Name:		
Certificate code:		
Address:		
Contact person:		
Phone:		
Email:		
Date:		
FSC Product Groups information		
FSC Product Groups	Use of the labelling threshold of 50% until 31/12/2015	Exemption of CW requirements for co-products until 31/12/2012
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	()	()
	()	()
	()	()
	()	()
	()	()
	()	()
	()	()
	()	()
Certification Body Approval		
The certification body herewith approves that the evidence for the commercial production of the listed product groups has been evaluated and confirmed in line with ADVICE 40-004-03 and ADVICE 40-004-04 respectively.		
Certification Body:		
Name of auditor:		
Date of approval:		
Signature:		