



FSC® INTERNATIONAL STANDARD

Chain of Custody Certification

FSC-STD-40-004 V3-0 EN



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CHAIN OF CUSTODY CERTIFICATION

FSC-STD-40-004 V3-0 EN

DRAFT 1-0

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

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

Introduction

Chain of custody (COC) is the path taken by products from the forest, or in the case of recycled materials from the reclamation site, to the consumer. The COC includes each stage of processing, transformation, manufacturing, 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 chain of custody management systems at the level of the respective organization and their verification by independent certification bodies, if the organization wants to make an FSC claim about their products. Developing and implementing chain of custody management systems is a way for organizations to effectively control their processing system and show their customers that the material in their products is sourced from well-managed forests, controlled sources, reclaimed materials, or a mixture of these, and any associated claims are trustful and accurate.

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

Conformity with this standard provides a consistent, international basis for independent, third-party verification of claims regarding the sourcing of forest-based material and products. It enables suppliers to demonstrate conformity with public or private procurement policies and specifications.¹

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

Table A. FSC chain of custody normative framework.

FSC Chain of Custody Normative Framework		
Main Chain of Custody Standards	Complementary Standards	Other Normative Documents
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px; background-color: #92d050; color: black; text-align: center;"> FSC-STD-40-004 Chain of Custody Certification </div> <div style="border: 1px solid black; padding: 5px; background-color: #d3d3d3;"> FSC-STD-40-004a Product Classification </div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px; background-color: #d3d3d3;"> FSC-STD-40-003 Certification of multiple sites </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px; background-color: #d3d3d3;"> FSC-STD-40-005 Sourcing Controlled Wood </div> <div style="border: 1px solid black; padding: 5px; background-color: #d3d3d3;"> FSC-STD-40-007 Sourcing Reclaimed Material </div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px; background-color: #d3d3d3;"> FSC-PRO-40-003 National Group COC criteria </div> <div style="border: 1px solid black; padding: 5px; background-color: #d3d3d3;"> Directives FSC-DIR-40-004 FSC-DIR-40-005 </div>

¹ Examples include the EU Ecolabel scheme for furniture, or the U.S. Green Building "Leadership in Energy and Environmental Design" (LEED) rating system.

Version History

- V1-0** In September 2004, the FSC Board of Directors endorsed the initial version of “FSC-STD-40-004 V1-0: FSC chain of custody standard for companies supplying and manufacturing FSC-certified products”.
- V2-0** This major review of the standard introduced new concepts in chain of custody, 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 chain of custody 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 chain of custody regarding the organization’s commitment to FSC values and occupational health and safety. This document version was approved by the FSC Policy Director on 01 October 2011.
- V3-0** This major review of the standard took into account five motions from the FSC General Assembly 2011 (Motions 38, 43, 44, 45, and 46), as well as studies commissioned by FSC International on cross-site credits methodology and options for best valuing pre-consumer reclaimed materials in the FSC system. This document version was approved by the FSC Board of Directors at their **XX** meeting, **[Date]**.

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A Objective

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

B Scope

This standard specifies the management and production requirements for chain of custody control with respect to sourcing, labelling (where applicable), and sale of products as FSC certified, thereby providing a range of options for making FSC claims. The standard also specifies the control requirements that, if successfully implemented, allow organizations to sell and label products as FSC 100%, FSC Mix, or FSC Recycled, or to sell materials as FSC Controlled Wood.

The standard is applicable to all chain of custody organizations trading, processing, or manufacturing wood-based and non-timber forest products from virgin and/or reclaimed materials. Operations covered by this standard include the primary industry sector (harvesting, pre-processing), reclamation sites in the case of recycled materials, the secondary sector (primary and secondary manufacturing), and the tertiary sector (trading, wholesale, retail, print services).

For a product to be claimed as FSC certified (through a product label and/or sales documentation), there must be an unbroken chain of certified organizations covering every change in legal ownership of the product from the certified forest up to the point where the product is finished and FSC labelled or sold to the end consumer. Chain of custody 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) Process or trade certified products;
- b) Apply the FSC label on products;
- c) Pass on the FSC claim to subsequent customers through sales documents;
- d) Promote FSC certified products, except finished and FSC labelled products that may be promoted by non-certificate holders (e.g. retailers) according to FSC-STD-50-002.

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

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

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

C Effective and validity dates

Approval date	tbd
Publication date	tbd
Effective date	tbd

Period of validity **tbd**

D References

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

FSC-STD-40-004a FSC Product Classification (Addendum to FSC-STD-40-004)

FSC-STD-40-003 Chain of Custody Certification of Multiple Sites

FSC-STD-40-005 Requirements for Sourcing Controlled Wood

FSC-STD-40-006 FSC Chain of Custody Standard for Project Certification

FSC-STD-40-007 FSC Standard for Use of Reclaimed Material in FSC Product Groups and FSC Certified Projects

FSC-DIR-40-004 FSC Directive on Chain of Custody Certification

FSC-DIR-40-005 FSC Directive on FSC Controlled Wood

FSC-STD-50-001 Requirements for Use of the FSC Trademarks by Certificate Holders

FSC-ADV-50-003 EN Labelling Products from Small and Community Producers

FSC-STD-01-002 FSC Glossary of Terms

E Terms and definitions

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

Assembled products: Products that are constructed from two or more solid wood and/or chip and fibre components, assembled together to form another product. Examples include furniture, shelving units, musical instruments, plywood, blockboard, laminated veneer lumber, laminated flooring, laminated particleboard, and printed materials containing different paper components.

Chain of Custody: The path taken by raw materials, processed materials, finished products, and co-products from the forest to the consumer or (in the case of reclaimed/recycled materials or products containing them) from the reclamation site to the consumer, including each stage of sourcing, processing, transformation, manufacturing, storage, and transport where progress to the next stage of the supply chain involves a change of ownership (independent custodianship) of the materials or the products.

Chip and fibre products: All products that use input-wood that has been chipped or defibrillated. Such products include, for example, pulp, paper (including print materials), cardboard, particleboard, fibreboard and orientated strand board (OSB).

Claim-contributing input: Input material that counts towards the determination of the percentage or credit claim for products controlled under the percentage or credit system. The claim-contributing inputs are the following:

- a) FSC certified materials;
- b) Post-consumer reclaimed materials;
- c) Pre-consumer reclaimed paper (note: this category excludes pre-consumer reclaimed wood).

NOTE FOR STAKEHOLDERS: The item c) above responds to the FSC Board decision on Motion 38 from the FSC General Assembly 2011. In 2011, the FSC membership mandated the FSC International to conduct a chamber-balanced study to evaluate the risks and benefits of valuing pre-consumer reclaimed paper fibre materials as FSC certified content. The study was drafted as a discussion paper, based on stakeholder input collected through an FSC membership survey, a stakeholder workshop and phone interviews with paper companies. Between 25 September 2013 and 15 January 2014, the discussion paper was publicly consulted with the FSC

membership and interested stakeholders. The results of the study and consultation feedback showed the FSC membership support to the proposal of granting pre-consumer paper fibre the same value as post-consumer material and as certified virgin fibre. The FSC Board in its 66th meeting (July 2014) decided to classify pre-consumer reclaimed paper to count as a claim-contributing input towards percentage and credit calculations. The study and FSC Board decision excluded pre-consumer reclaimed wood materials. Stakeholders are invited to comment on the proposal of evaluating alternatives for best valuing pre-consumer reclaimed wood materials as well. This would in principle require FSC to conduct a separate study to evaluate risks, impacts, and opportunities in changing the classification of pre-consumer reclaimed wood.

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

Complaint: An expression of dissatisfaction by any person or organization in relation to the organization's conformity with this standard, including the organization's suppliers.

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

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

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

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 (volume or weight) by the input (volume or weight) and is applied to the whole product or to each individual component of a product.

Co-product: Material produced during the process of primary manufacturing of another (principal) product from the same input. Such materials are, for the purposes of this standard, classified depending on the material category from which they are co-produced.

Credit account: A record kept by a certified organization operating a credit system which lists entries and withdrawals of volume credits for the purpose of selling products with FSC Mix Credit or FSC Recycled Credit claims.

Credit claim: Part of an FSC claim for FSC Mix or FSC Recycled products which specifies that the full quantity can be used as a claim-contributing input for subsequent calculations of input percentages or FSC credit. Applicable claims are "FSC Mix Credit" or "FSC Recycled Credit."

Credit system: A chain of custody 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).

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

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

Europe: In the context of this document, this refers to the European countries that fall within the scope of EU Regulation No 995/2010 (known as "EU Timber Regulation").

Finished product: Product that receives no further transformation in terms of processing, labelling, or packaging prior to its intended end use or sale to the end-consumer. Cutting consumer-ready products into size (i.e. by retailers) and products installation are not considered product transformation, unless these activities involve repackaging, changing of the product composition, or relabeling.

Forestry Conformity Assessment Scheme: A scheme based on the development of standards for forest certification and assessment of operations for trade and production of forest products.

FSC certified material: FSC 100%, FSC Mix or FSC Recycled material that is supplied with an FSC claim by an FSC certified organization.

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

FSC claim: Claim made on sales and delivery documents for FSC certified material or FSC Controlled Wood that specifies the material category and, for FSC Mix and FSC Recycled products, an associated percentage claim or credit claim.

FSC Controlled Wood: Material which has passed assessment for conformity with Controlled Wood requirements according to the standard *FSC-STD-40-005 Requirements for Sourcing Controlled Wood* or *FSC-STD-30-010 Forest Management Requirements for Controlled Wood Certification*. Materials or products sold as FSC Controlled Wood cannot carry any on-product FSC labels, FSC license codes, or the FSC trademarks and are not considered to be FSC certified.

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

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

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

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

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

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

Material category: Categories of virgin or reclaimed material that, if eligible input, can be used in FSC product groups. The material categories are the following:

- a) FSC 100%;
- b) FSC Mix;
- c) FSC Recycled;
- d) FSC Controlled Wood;
- e) Post-consumer reclaimed;
- f) Pre-consumer reclaimed;

Neutral material: Material that comes from outside a forest matrix. Examples are non-wood plant fibres (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 chain of custody control requirements.

Non-conforming products: Product or material for which an organization is unable to demonstrate that it complies with FSC eligibility requirements for making claims and/or for using the FSC on-product labels.

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

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

Organization: The person or entity holding or applying for certification and therefore responsible for demonstrating conformity with the applicable requirements upon which FSC certification is based. (Source: *FSC-STD-01-001 FSC Principles and Criteria for Forest Stewardship*)

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

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

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

Percentage claim: Part of an FSC claim for FSC Mix or FSC Recycled products that specifies the percentage of claim-contributing inputs in a product.

Percentage system: A chain of custody system which allows all outputs to be sold with a percentage claim that corresponds to the proportion of claim-contributing inputs in a job order or over a claim period.

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

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

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

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

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

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

Promotional: Term applied to all statements, claims, trademarks, and such like used to promote products, services, or organizations, but which are not physically attached or applied to a product itself.

Quality: A distinctive attribute or property of a material or product. Some indicators of quality are price/ value, species of wood, intended use, function, or appearance of the material. Price/ value should not be used as a single indicator of quality due to possible variations caused, for example, by market demand, price negotiations, or volumes purchased or sold, but it can be used in combination with other indicators to characterize quality variations.

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

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

- a) FSC Recycled material;
- b) Post-consumer reclaimed material;
- c) Pre-consumer reclaimed material.

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

Salvaged wood: Wood that was:

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

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

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

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

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

Solid wood products: Products that constitute a single, solid piece of wood, such as a log, beam, or plank.

Supplier: Individual, company, or other legal entity providing goods to an organization.

Transfer system: A chain of custody 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.

Virgin material: Primary (i.e. non-reclaimed) material originating in forests or plantations. Inputs of the following material categories are classified as virgin material:

- a) FSC 100%;
- b) FSC Mix;
- c) FSC Controlled Wood.

Verbal forms for the expression of provisions

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

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

“*should*”: indicates that among several possibilities one is recommended as particularly suitable, without mentioning or excluding others, or that a certain course of action is preferred but not necessarily required.

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

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

DRAFT

PART I: Universal Requirements

1 Quality management system

1.1 Responsibilities

- 1.1.1 The organization shall appoint a management representative that has overall responsibility and authority for the organization's conformity with all applicable certification requirements.
- 1.1.2 The organization shall define the personnel responsible for each procedure, together with the qualifications and/or training measures required for implementation of said procedure.

1.2 Documented procedures

- 1.2.1 The organization shall implement and maintain documented procedures and work instructions covering all applicable certification requirements according to the scope of the certificate and adequate to the organization's scale and complexity.
- 1.2.2 The last approval date and version number of the documented procedures shall be specified.

1.3 Training

- 1.3.1 The organization shall train its staff to ensure that all applicable certification requirements and the measures defined in the documented procedures are correctly implemented.
- 1.3.2 All relevant staff shall demonstrate awareness of the organization's procedures and competence in implementing the organization's chain of custody management system.

1.4 Record keeping

- 1.4.1 The organization shall maintain complete and up-to-date records covering all applicable requirements of this standard.
- 1.4.2 Retention time for all records shall be at least five (5) years.

1.5 Commitment to FSC values

- 1.5.1 The organization shall demonstrate its commitment to the FSC values as defined in the *FSC-POL-01-004 Policy for Association of Organizations with FSC*.

NOTE FOR STAKEHOLDERS: There are current chamber-balanced working groups engaged with the FSC in reference to ILO Conventions and the Policy for Association (currently under revision). For more information on the Policy for Association revision process visit the FSC website (ic.fsc.org/policy-for-association-revision.751.htm).

- 1.5.2 The organization shall demonstrate its commitment to occupational health and safety.

NOTE: The extent of the quality management system documentation and training for health and safety can differ from one organization to another due to:

- a) The organization's scale and type of activities;
- b) The complexity of processes and their interactions;
- c) The enforcement of local/national regulation and control regarding occupational health and safety.

1.6 Complaints

- 1.6.1 The organization shall define the controls and related responsibilities and authorities for receiving, handling, and recording complaints relating to conformity with certification requirements, including the following minimum requirements:

- a) Acknowledge receipt of complaints;
- b) Provide initial response to the complainant, including an outline of the proposed course of action to follow up on the complaint, within two (2) weeks of receiving a complaint;
- c) Investigate the complaint and specify its proposed actions in response to the complaint within two (2) months of receiving the complaint;
- d) Take appropriate actions with respect to complaints and any deficiencies found in products that affect conformity with the requirements for certification;
- e) Notify the complainant when the complaint is considered to be closed.

NOTE: A complaint may be considered closed when the organization has gathered and verified all necessary information, investigated the allegations, taken a decision on the complaint, and responded to the complainant.

1.7 Control of non-conforming products

- 1.7.1 The organization shall define the controls and related responsibilities and authorities for dealing with non-conforming products.
- 1.7.2 The organization's chain of custody system shall be designed to ensure that products which do not conform with FSC requirements are identified and controlled to prevent unintended delivery of said products.
- 1.7.3 Where non-conforming products are detected after they have been delivered, the organization shall:
 - a) Immediately cease selling any non-conforming products held in stock;
 - b) Notify its certification body and all relevant customers in writing within five (5) business days of the non-conforming product identification, and maintain records of that notice;
 - c) Analyse causes for occurrence of non-conforming products, and implement measures to prevent their reoccurrence;
 - d) 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 Scope of the FSC chain of custody system

2.1 Sites

- 2.1.1 The organization shall include in the scope of its FSC certificate all sites where activities related to purchase, sale, storage, processing, labelling, and physical handling of materials and FSC products take place.
- 2.1.2 If the organization wants to include multiple sites in the scope of the certificate, it shall conform with the requirements specified in FSC-STD-40-003.

2.2 Products groups

- 2.2.1 The organization shall establish product groups for the purpose of controlling products that will be sold with FSC claims.
- 2.2.2 Product groups shall be formed by products that:
 - a) Are classified under the same product type category (Level 1, 2 or 3), according to FSC-STD-40-004a;
 - b) Are made of the same type of input or set of inputs;

- c) Are controlled according to the same FSC control system (transfer, percentage, or credit system).

NOTE: Additional requirements apply for the establishment of product groups when using a credit system. They are listed in Part II of this standard.

2.2.3 The organization shall maintain a list of product groups included in the scope of the certificate, specifying for each:

- a) The product type(s) according to the FSC Product Classification (FSC-STD-40-004a);
- b) The control system used for making FSC claims;
- c) The input materials used and the respective material categories;
- d) The applicable FSC claim(s) for the outputs (e.g. FSC 100%, FSC Mix 70%);
- e) The species (including scientific and common name) and country(ies) of harvest of input materials, where the species information designates the product characteristics and/or where required by law.

3 Material sourcing

3.1 Records of suppliers

3.1.1 The organization shall have and maintain up-to-date records of all suppliers who are supplying material used for FSC product groups, including:

- a) The suppliers' name(s);
- b) The suppliers' FSC certification code(s), if applicable;
- c) The supplied product types, according to FSC-STD-40-004a;
- d) The supplied material categories.

3.1.2 The organization shall verify the validity and scope of the supplier's FSC certificate for any changes that might affect the availability and authenticity of the supplied products. This shall be done either through the FSC database at info.fsc.org or the FSC Online Claims Platform at ocp.fsc.org.

3.2 Classification and control of input material

3.2.1 The organization shall have a system in place to confirm that the quantities and FSC claims of the materials received as input for FSC product groups are accurately documented in the purchase and transport documentation from the supplier.

3.2.2 The organization shall ensure that only eligible inputs according to Table B are used in FSC product groups.

Table B. Eligible inputs according to FSC claim of the outputs.

FSC claim of the outputs	Eligible inputs (by material category)
FSC 100%	FSC 100%
FSC Mix	FSC 100%, FSC Mix, FSC Recycled, Post-consumer reclaimed, Pre-consumer reclaimed, FSC Controlled Wood
FSC Recycled	FSC Recycled, Post-consumer reclaimed, Pre-consumer reclaimed
FSC Controlled Wood	FSC 100%, FSC Mix, FSC Recycled, Post-consumer reclaimed, Pre-consumer reclaimed, FSC Controlled Wood

NOTE: Table B lists the inputs that are eligible to enter FSC product groups according to their material categories. However, not all eligible inputs count towards percentage and credit calculations (see Clauses 8.2.1 and 9.4.1).

3.2.3 All forest-based components of an FSC certified product shall be sourced as FSC certified, reclaimed or FSC Controlled Wood. Components that are not part of the product, having secondary functions (e.g. for transportation or protection) may be exempt from chain of custody control requirements, unless they have a functional purpose in the product (i.e. if the product will have its function compromised by the removal of this secondary component, then this component also needs to be certified).

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

3.2.4 For FSC Mix assembled wood products, the visible wood component whose species (e.g. oak or maple) characterizes and gives its name to the product (e.g. “cherry cabinets” made from cherry veneer and MDF; “maple engineered flooring” made of maple wear layers on pine platforms) shall be FSC certified (FSC 100%, FSC Mix or FSC Recycled).

NOTE: This requirement does not apply to decorative paper imitating the appearance of wood species.

NOTE FOR STAKEHOLDERS: Clause 3.2.4 responds to the FSC membership decision on Motion 43 from the FSC General Assembly 2011. Motion 43 mandates the introduction of a requirement in FSC COC to avoid misleading claims and communications in relation to FSC Mix products where the name-giving species is not certified, but instead is FSC Controlled Wood.

3.2.5 Organizations which reclaim material at their own site shall classify the material category and, if applicable, the associated percentage claim or credit claim as follows:

- a) Material reclaimed from the process of primary manufacture of another (principal) product from the same input shall be classified as belonging to the same material category as the input from which it was (co-)produced;
- b) Material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use, and is not capable of being re-used on-site in the same manufacturing process that generated it, shall be classified as belonging to the same material category as the input from which it was derived or as either pre-consumer reclaimed material or FSC Controlled Wood.

3.2.6 The organization shall classify mixtures of different raw virgin or reclaimed materials generated on site by the material category with the lowest FSC or reclaimed claim per input volume or as FSC Controlled Wood, where the proportions of the different inputs cannot be identified.

3.3 Sourcing of non-certified material for use in FSC product groups

3.3.1 If the organization sources virgin material for use in FSC product groups that is not FSC certified or FSC Controlled Wood, it shall conform with the applicable requirements of FSC-STD-40-005.

3.3.2 If the organization sources non-FSC certified reclaimed material for use in FSC product groups, it shall conform with the applicable requirements of FSC-STD-40-007.

3.4 Transaction verification

3.4.1 The organization shall have a mechanism in place to allow the verification that the organization’s recorded FSC input claims match the recorded FSC certified output claims of its suppliers.

NOTE: This can be achieved in various ways, such as through the FSC Online Claims Platform (ocp.fsc.org) or other methods. Other methods can include manual verification (e.g. material account records specific to each FSC certified trading partner are made available upon request by the respective trading partner or CB) or other automated systems (e.g. systems with a common record of input and output shared between customer and supplier).

NOTE FOR STAKEHOLDERS: The FSC Board of Directors has specifically asked for relevant criteria to address the opportunity of origination errors that cause an imbalance in total mass of FSC certified materials.

There are 2 types of origination errors:

1) When an organization without a valid FSC certificate (e.g. suspended or terminated or no certificate) sells products with FSC claims or when an organization with an FSC certificate sells products with incorrect FSC claims (e.g. product or claim type not in organization's scope).

2) When an organization buys a product and uses it as an FSC input or sells a product with an FSC claim, but does not record that claim as FSC certified in its own accounting system.

In order to address the opportunity for origination errors, FSC will introduce a requirement for certificate holders to demonstrate that FSC input claims match the suppliers' internal records.

Certification Bodies will audit the method chosen by the organization to ensure accuracy. The accreditation standard (FSC-STD-20-011) will include criteria that dictates audit requirements based on the FSC requirements of scale, intensity and risk. The risk criteria will have an independent consultation period in 2015 before FSC-STD-40-004 is finalized.

4 Material handling

4.1 Segregation of materials and products

4.1.1 Where necessary to ensure that only eligible inputs are used in FSC certified production and/or to avoid unintended mixtures of materials during production, transport, and/or storage, the organization shall use a segregation method. Segregation can be achieved by applying one or more of the following methods:

- a) Physical separation of materials;
- b) Temporal separation of materials; and/or
- c) Identification of materials.

4.2 Precautions for labelled material

4.2.1 For materials under the scope of the FSC certification that are received with an FSC label, the organization shall ensure the following:

- a) Material which will be further processed shall be cleared of any labels or segregation marks before sale, unless the use of supplier's label on the product is covered by specific labelling agreement between the organization and its supplier.

5 Material accounting records and volume control

5.1 Material accounting records

5.1.1 The organization shall establish and keep up-to-date records of material accounting covering the following minimum information regarding the purchase and sale of materials and products in the scope of the FSC certificate, including:

- a) Invoice number;
- b) Invoice date;
- c) Quantities by volume or weight. If information on volume or weight is not available (e.g. for traders) the number of pieces;²
- d) Material and product descriptions;
- e) Material category of inputs;
- f) FSC claim of the outputs;
- g) Species (including scientific and common name) and country(ies) of harvest of input materials, where the species information designates the product characteristics and/or where required by law.

NOTE: Species and country of harvest do not need to be recorded for each invoice, only when this information varies.

5.2 Annual volume summaries

- 5.2.1 The organization shall prepare annual volume summaries covering the period since the last annual volume reporting period.
- 5.2.2 The annual volume summaries shall demonstrate that the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs from different material categories, their associated percentage or credit claims, and the conversion factor(s).
- 5.2.3 The annual volume summaries shall include at least the following information:
 - a) Inputs received;
 - b) Inputs used for production (where applicable);
 - c) Applicable claim period or job order;
 - d) Records of FSC control system application (e.g. credit account, percentage calculations);
 - e) Inputs still in stock;
 - f) Outputs still in stock;
 - g) Outputs sold.

5.3 Conversion factors

- 5.3.1 For each product group, the organization shall identify the main processing steps involving a change of material volume or weight and specify the conversion factor(s) for each processing step or, if not feasible, for the total processing steps. The conversion factors shall be kept up-to-date.

6 Sales

6.1 Identification of sales documents

- 6.1.1 The organization shall ensure that all sales documents issued³ for outputs sold with FSC claims include the following information:

² If the organization is in the certification process, it may use material held in stock at the time of the main evaluation as well as material received between the date of the main evaluation and the date of the organization's FSC chain of custody certificate issuance towards a FSC product's input calculations, provided the organization is able to demonstrate to the certification body that the materials meet the FSC material sourcing requirements. However, the organization shall not sell any material with FSC claims prior to holding an FSC chain of custody certificate.

- a) Name and contact details of the organization;
- b) Name and address of the customer;
- c) Date when the document was issued;
- d) Description of the product;
- e) Quantity of the product sold;
- f) The organization's FSC certificate code and/or FSC Controlled Wood code, where the FSC certificate code shall only be associated to FSC certified products and the FSC Controlled Wood code only to FSC Controlled Wood products;
- g) Clear indication of the FSC claim for each product item or the total products. The eligible FSC output claims are indicated in Table C.

NOTE: For supplies of finished and labelled products, the organization may omit the percentage or credit information in sales and delivery documentation. In this case, however, the subsequent organizations in the supply chain are no longer able to use or resell these products with percentage or credit information on FSC claims.

Table C. Specification of FSC claims according to the FSC control system applied.

FSC control system	Applicable FSC claims					
	FSC 100%	FSC Mix x%	FSC Recycled x%	FSC Mix Credit	FSC Recycled Credit	FSC Controlled Wood
Transfer system	✓	✓	✓	✓	✓	✓
Percentage system		✓	✓			✓
Credit system				✓	✓	✓

6.1.2 If the sales documentation (or copy of it) is not included with the shipment of the product, the following requirements apply:

- a) The related delivery documentation shall include the same information as required in Clause 6.1.1;
- b) The delivery documentation shall include information sufficient to link the sale and related delivery documentation to each other.

6.1.3 If the organization has demonstrated an inability to include the required FSC claim as specified in Clause 6.1.1 g) in sales and delivery documents due to space constraints, the required information shall be provided to the customer through supplementary documentation (e.g. supplementary letters, claims made through the OCP). In this case, the organization shall demonstrate that the supplementary method conforms to the following criteria:

- a) There is no risk that the customer will misinterpret which products are or are not FSC certified in the supplementary documentation;

³ In cases 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 6.1.1.

- 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 documentation;
 - c) In cases where the sales and delivery documents contain multiple products with different FSC claims, each product is cross-referenced to the associated FSC claim provided in the supplementary documentation.
- 6.1.4 The organization shall ensure that unfinished products which carry an FSC label are always sold with the corresponding FSC claim on their sales and delivery documentation.
- 6.1.5 The organization shall ensure that products sold with an FSC claim on sales and delivery documentation do not carry any labels from other forestry conformity assessment schemes.
- 6.1.6 Organizations are only allowed to sell products with an FSC Controlled Wood claim on sales and delivery documentation to FSC certified customers according to FSC-STD-40-004 and/or certified or applicant projects according to FSC-STD-40-006.

6.2 Downgrading of FSC claims

- 6.2.1 The organization may opt to downgrade the FSC claims made on sales documents for outputs from any of the three systems for controlling FSC claims (transfer, percentage, and credit system), as presented in the diagram below. However, in all cases the FSC label applied on products shall always correspond to the FSC claim made on sales documents. Organizations shall only use the claims that are allowed in each FSC control system, as specified in Figure 1 (e.g. organizations applying the credit system are not allowed to downgrade credit claims to percentage claims, but they can downgrade to FSC Controlled Wood).

NOTE: FSC Mix x% and FSC Recycled x% output claims may be downgraded to claims with a lower percentage.

Figure 1. Downgrading of FSC claims for the outputs.

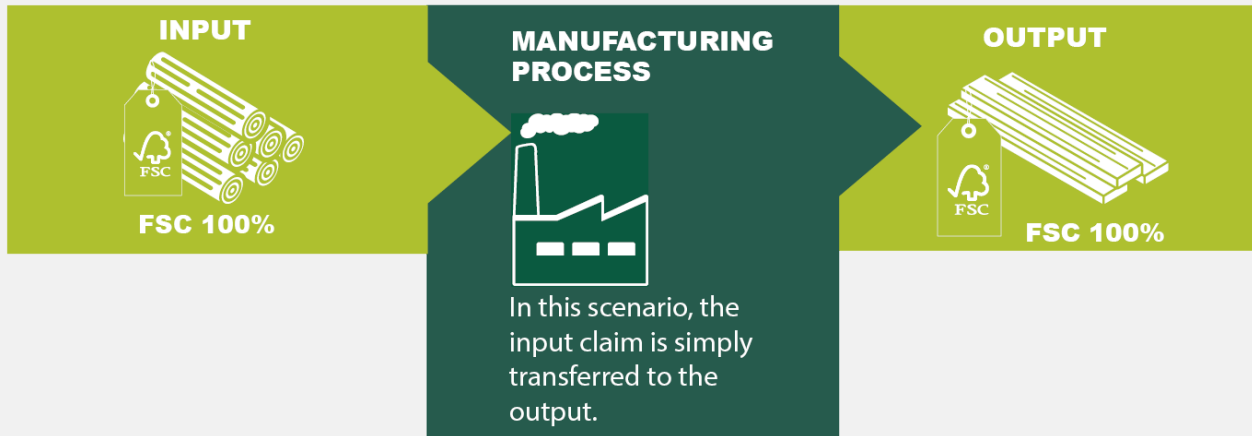


PART II: Systems for Controlling FSC Claims

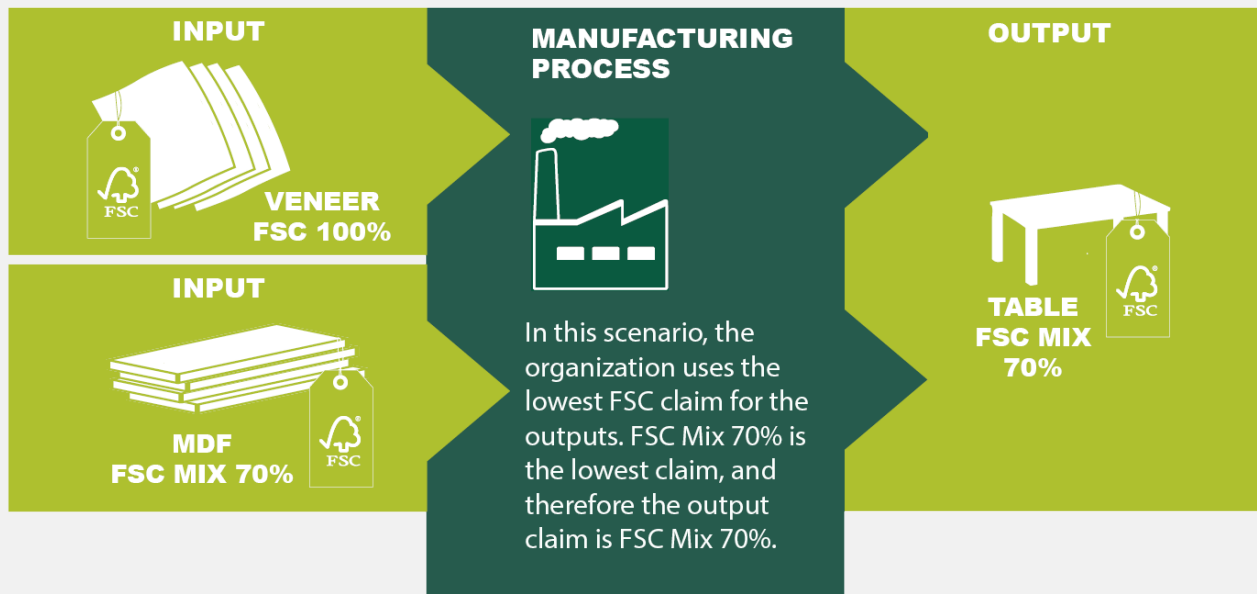
7 Transfer system

The transfer system is a chain of custody system which provides a simplified approach for the determination of output claims by transferring the FSC claims of inputs directly to the outputs. For product groups that have a single FSC input material, the claim of this input is transferred to the output (Scenario A). In the case of product groups with multiple inputs, the lowest FSC input claim of raw materials is transferred to the output (Scenario B).

Scenario A: Single input



Scenario B: Multiple inputs



7.1 Application

7.1.1 The transfer system shall be applied at the level of a single site.

7.1.2 The transfer system shall be the only FSC control system applicable to the following activities:

- a) Trading and processing of products carrying FSC 100% label and/or output claim;
- b) Trading, distribution, and retail of finished products and paper (e.g. paper merchants);
- c) Trading of products without physical possession;
- d) Trading and processing of non-timber forest products (NTFPs), except bamboo and NTFPs derived from trees (e.g. cork, resin, bark);
- e) Trading and processing of food and medicinal NTFPs.

7.2 Specification of claim periods and job orders

7.2.1 The organization shall specify whether claim periods or job orders are used for each product group.

7.2.2 The organization shall specify the length of the claim period. The minimum length of a claim period shall be the length of time to complete a batch run including receipt, storage, processing, labelling, and/or sale of the output product.

7.3 Inputs with identical FSC claims

7.3.1 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, as indicated in Table D.

Table D. FSC claims for outputs, based on Clause 7.3.1.

Input materials	FSC claim of the outputs
FSC 100%	FSC 100%
FSC Mix Credit	FSC Mix Credit
FSC Mix x%	FSC Mix x%
FSC Recycled Credit	FSC Recycled Credit
FSC Recycled x%	FSC Recycled x%
Post-consumer reclaimed wood and paper or fibre	FSC Recycled 100%
Pre-consumer reclaimed paper or fibre	FSC Recycled 100%
Pre-consumer reclaimed wood	<i>Not applicable to the transfer system</i>
FSC Controlled Wood	FSC Controlled Wood

7.4 Inputs with different FSC claims

7.4.1 For claim periods or job orders in which inputs of different material categories or associated percentage claims or credit claims are mixed, the organization shall use the lowest FSC claim per input volume as the FSC claim for the outputs, as indicated in Table E.

NOTE: For example, when combining multiple input claims with different percentages, the lowest percentage is used for the output claim (e.g. FSC Recycled 85% + FSC Mix 70% = FSC Mix 70%).

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

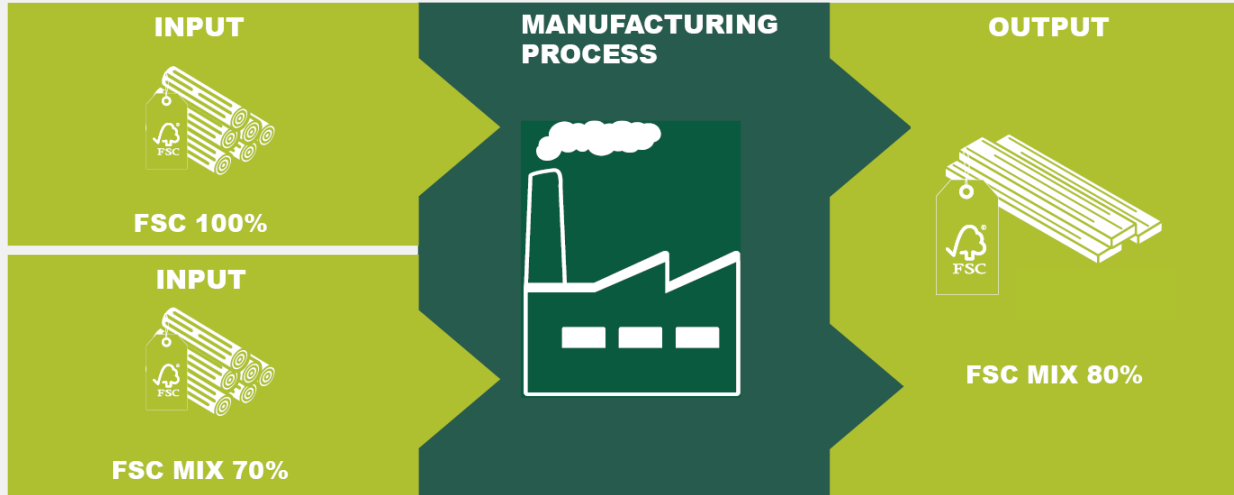
Inputs	FSC 100%	FSC Mix Credit	FSC Mix x%	FSC Recycled Credit	FSC Recycled x%	Pre-cons. reclaimed wood	Pre-cons. reclaimed paper	Post-cons. reclaimed wood and paper	Controlled Wood ⁴
FSC 100%	FSC 100%	FSC Mix Credit	FSC Mix x%	FSC Mix Credit	FSC Mix x%	No FSC claims are allowed	FSC Mix 100%	FSC Mix 100%	FSC Controlled Wood
FSC Mix Credit		FSC Mix Credit	FSC Mix x%	FSC Mix Credit	FSC Mix x%	No FSC claims are allowed	FSC Mix Credit	FSC Mix Credit	FSC Controlled Wood
FSC Mix x%			FSC Mix x%	FSC Mix x%	FSC Mix x%	No FSC claims are allowed	FSC Mix x%	FSC Mix x%	FSC Controlled Wood
FSC Recycled Credit				FSC Recycled or Mix Credit	FSC Recycled or Mix x%	No FSC claims are allowed	FSC Recycled or Mix Credit	FSC Recycled or Mix Credit	FSC Controlled Wood
FSC Recycled x%					FSC Recycled or Mix x%	No FSC claims are allowed	FSC Recycled or Mix x%	FSC Recycled or Mix x%	FSC Controlled Wood
Pre-cons. reclaimed wood						No FSC claims are allowed	No FSC claims are allowed	No FSC claims are allowed	No FSC claims are allowed
Pre-cons. reclaimed paper							FSC Recycled or Mix 100%	FSC Recycled or Mix 100%	FSC Controlled Wood
Post-cons. reclaimed wood and paper								FSC Recycled or Mix 100%	FSC Controlled Wood
Controlled Wood									FSC Controlled Wood

⁴ This category includes wood sourced with an FSC Controlled Wood claim and wood assessed according to FSC-STD-40-005.

8 Percentage system

The percentage system is a chain of custody 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.

Scenario A: Mix of FSC certified inputs



The FSC claim for the output is calculated as follows:

$$\left. \begin{array}{l} 4 \text{ units with FSC input of } 100\% \\ 8 \text{ units with FSC input of } 70\% \end{array} \right\} \frac{(4 \times 100\%) + (8 \times 70\%)}{4 + 8} \times 100 = \frac{4 + 5.6}{12} \times 100 = 80\%$$

(Assume the conversion factor is 1)

Scenario B: Mix of FSC certified and FSC Controlled Wood



The FSC claim for the output is calculated as follows:

$$\left. \begin{array}{l} 9 \text{ input units of FSC } 100\% \\ 3 \text{ input units of FSC CW} \end{array} \right\} \frac{(9 \times 100\%) + (3 \times 0\%)}{9 + 3} \times 100 = \frac{9 + 0}{12} \times 100 = 75\%$$

(Assume the conversion factor is 1)

8.1 Application

- 8.1.1 The percentage system may only be applied to FSC Mix and FSC Recycled product groups.
- 8.1.2 The percentage system shall only be applied on the level of a single, physical (e.g. storage, distribution, manufacturing) site and it shall not be applicable to the activities listed in Clause 7.1.2.

8.2 Accounting of claim-contributing inputs

- 8.2.1 The organization shall apply the criteria specified in Table F to determine the quantity of input materials that counts towards the percentage calculations.

Table F. Quantity of input materials that counts as claim-contributing input.

Input material	Quantity of input materials that counts as claim-contributing input
FSC 100%	Counts as the full quantity as stated on the supplier invoice
FSC Mix Credit or FSC Recycled Credit	Counts as the full quantity as stated on the supplier invoice
FSC Mix x% or FSC Recycled x%	Counts as the percentage as stated on the supplier invoice
Post-consumer reclaimed	Counts as the full quantity as stated on the supplier invoice
Pre-consumer reclaimed paper and fibre	Counts as the full quantity as stated on the supplier invoice
Pre-consumer reclaimed wood	<i>Does not count as claim-contributing input</i>
Controlled wood or neutral	<i>Does not count as claim-contributing input</i>

8.3 Specification of claim periods or job orders

- 8.3.1 The organization shall specify claim periods or job orders for each product group for which a single FSC percentage claim shall be made.

8.4 Calculation of the FSC claim percentage

- 8.4.1 The organization shall calculate and record the percentage for each claim period or job order by using the following formula:

$$FSC\% = \frac{Q_{CCI}}{Q_{Total}} \times 100$$

FSC% = FSC percentage

Q_{CCI} = Quantity of claim-contributing inputs

Q_{Total} = Total quantity of eligible forest-based inputs

- 8.4.2 For each product group, the organization shall calculate the FSC percentage based on:

- The input to the same claim period or job order (single percentage); or
- The input to a specified number of previous claim periods (rolling average percentage).

NOTE: FSC claims based on rolling average calculations may only be made once the specified number of previous claim periods has been completed from the establishment of the product group under a percentage system.

8.4.3 The time period over which the input percentage is calculated shall not exceed twelve (12) months, unless otherwise warranted by nature of the business and approved by the organization's certification body.

8.5 FSC claim for outputs

8.5.1 The organization can sell the total output of a claim period or job order with a percentage claim that is identical to or lower than the calculated input percentage.

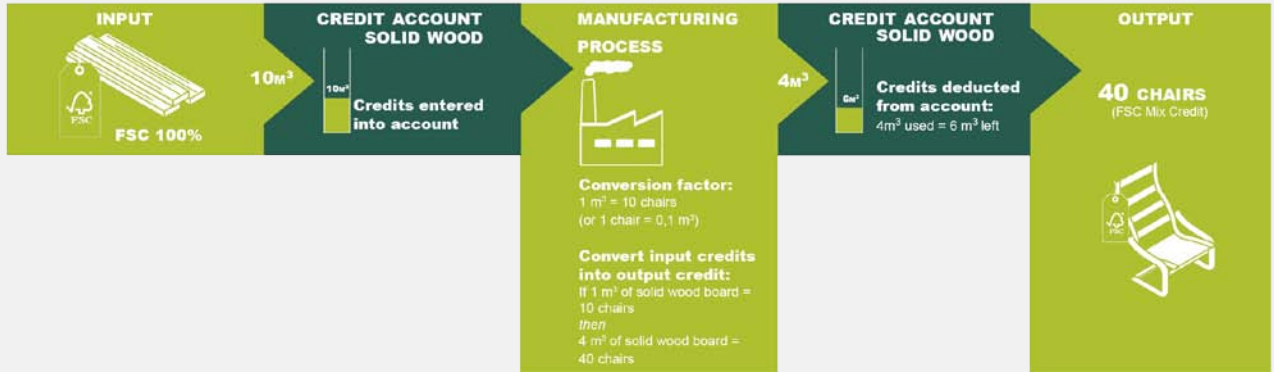
8.5.2 The claim "FSC Controlled Wood" may apply to outputs from percentage calculations that will not be sold as FSC certified. In this case, the sale of FSC Controlled Wood shall be covered by the scope of the organization's COC certificate per FSC-STD-40-005.

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9 Credit system

The credit system is a chain of custody 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).

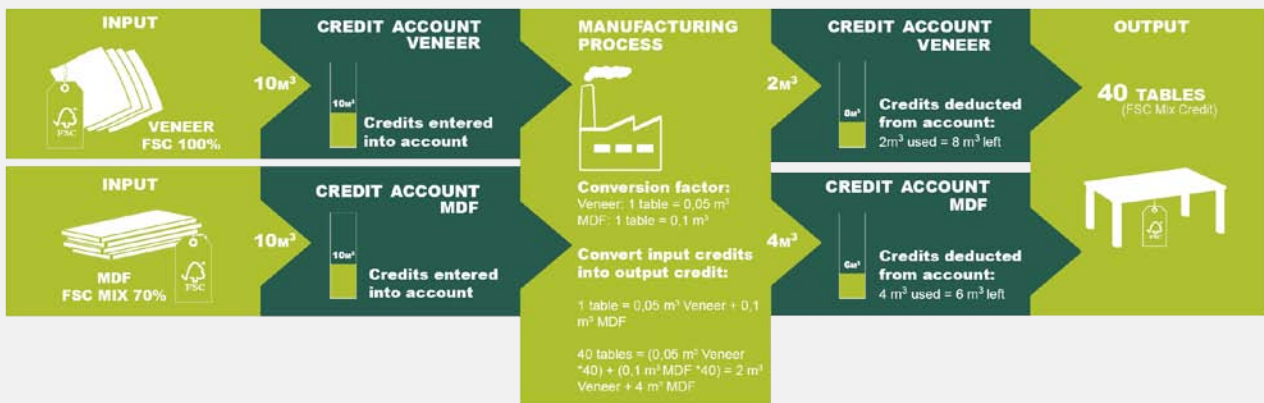
Scenario A. Product group based on a single input credit account (applicable to manufacturers)



Scenario B. Product group based on single input credit account (applicable to traders)



Scenario C. Product group based on multiple input credit accounts (applicable to manufacturers)



9.1 Application

- 9.1.1 The credit system may only be applied to FSC Mix and FSC Recycled product groups. It shall not be applicable to printers and to the activities listed in Clause 7.1.2.
- 9.1.2 The credit system may be applied at the level of single and multiple sites (“shared credit accounts”).
- 9.1.3 Shared credit accounts may only be applied if the following conditions are met:
- All sites are within the scope of a multi-site certificate with a common ownership structure;
 - All sites are located in the same ecoregion (e.g. Canadian boreal forests, Amazon river) and country;
 - Each site participating in a shared credit account shall contribute at least 10% of the input credits used by its own site in a twelve (12) month period.

NOTE FOR STAKEHOLDERS: Clause 9.1.2 responds to the FSC Board’s decision taken at its 63rd meeting in Russia from June 18th to 20th 2013 on the outcomes of the Cross-site Credit Pilot Project. The Board decided that the results of the Pilot Project should feed into the on-going revision process of the chain of custody standard (FSC-STD-40-004) for broader stakeholders’ consultation and further deliberation. At the end of the standard revision process the FSC International Board will decide whether or not FSC should allow cross-site credit systems. Do you support the introduction of cross-site credit sharing and do you agree to the safeguards introduced in 9.1.2 or not? Please explain your position.

9.2 Specification of claim periods

- 9.2.1 For each product group, the organization shall specify a claim period for each credit account, according to which additions and deductions of credits shall be recorded.
- 9.2.2 The maximum claim period length shall be one (1) month.

9.3 Establishment of credit accounts

- 9.3.1 The organization may opt between establishing:
- Input-based credit accounts; or
 - Output-based credit accounts.

NOTE: In this case, input materials are multiplied by the conversion factor(s) specified for the product group and converted into output product quantities before credits are added to the credit account.

- 9.3.2 A credit account shall have inputs of the same quality or shall be exchangeable for manufacturing purposes without affecting the output quality of the product. In other words, substitution of one input material and/or wood species by another shall not affect the value, function, and/or physical properties/appearance. of the output product.
- 9.3.3 The organization shall not establish credit accounts in a way that credits from low quality/price input materials or products are exchanged with high quality/ price materials or products.
- 9.3.4 For chip and fibre products (e.g. paper, particleboard):
- Input materials of different qualities may be combined in the same credit account, if the individual components cannot be visually distinguished in the final product with the naked eye.
 - Output products with clearly distinguishable components (e.g. MDF with a melamine paper top layer, or furniture combining MDF and solid wood components) shall conform with the requirements specified in Clause 9.3.5.

9.3.5 For assembled wood products made of inputs of different quality, the organization shall establish separate credit accounts per input material and ensure that each credit account contributes towards the output credit calculations.

NOTE: For example, a table made of MDF and veneer shall have separate credit accounts for the MDF and veneer. For the sale of tables with FSC credit claims, both MDF and veneer credit accounts shall contribute towards output credit claims. See example in Scenario C above.

9.3.6 When input material yields a range of output grades (i.e. the same input material generates output materials of different qualities, such as sawn timber), the organization shall not sell more of a particular grade than is covered by FSC material inputs and its conversion factors per output grade. If the organization wants to combine products which have different conversion factors in the same product group, all applicable conversion factors shall be listed and used separately for the purpose of output credits calculation.

9.4 Accounting and maintenance of claim-contributing inputs

9.4.1 To determine the quantity of input materials that counts as claim-contributing input, the organization shall use the quantity stated on the supplier's sales document together with the respective claim, as specified in Table G.

Table G. Quantity of input materials that counts as claim-contributing input.

Input material	Quantity of input materials that counts as claim-contributing input
FSC 100%	Counts as the full quantity as stated on the supplier invoice
FSC Mix Credit or FSC Recycled Credit	Counts as the full quantity as stated on the supplier invoice
FSC Mix x% or FSC Recycled x%	Counts as the percentage as stated on the supplier invoice
Post-consumer reclaimed	Counts as the full quantity as stated on the supplier invoice
Pre-consumer reclaimed paper and fibre	Counts as the full quantity as stated on the supplier invoice
Pre-consumer reclaimed wood	<i>Does not count as claim-contributing input</i>
Controlled wood or neutral	<i>Does not count as claim-contributing input</i>

9.4.2 The organization shall convert the inputs used in the manufacturing of the products into output credit quantities. The determination of output credit quantities shall be achieved by multiplying the input quantities by the applicable conversion factor(s) specified for each product group, as applicable.

9.4.3 The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous sixty (60) months. Any FSC credit that exceeds the sum of new FSC credit shall be deducted from the credit account at the start of each new claim period.

9.5 Withdrawing FSC credit from credit accounts

9.5.1 For the sale of products with FSC credit claims, the organization shall withdraw the respective credits from the relevant credit account(s).

9.5.2 The organization shall ensure that the credit account is never overdrawn and that records of the remaining credit in the account are up-to-date.

9.6 FSC claim for outputs

- 9.6.1 The organization may sell the total output of a claim period or job order from FSC Mix or FSC Recycled product groups with an FSC credit claim provided there are sufficient credits available in the relevant credit accounts.
- 9.6.2 The organization may supply the portion of the output volume that has not been sold as FSC Mix Credit or FSC Recycled Credit material as FSC Controlled Wood, on the basis of a corresponding FSC Controlled Wood credit account. In this case, the sale of FSC Controlled Wood shall be covered by the scope of the organization's COC certificate per FSC-STD-40-005.

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PART III: Labelling

10 FSC labelling requirements

10.1 Eligibility for labelling

10.1.1 Only FSC products that are eligible for FSC labeling shall be promoted with the FSC trademarks.

NOTE: FSC Controlled Wood products are not eligible for FSC labeling or promotion with the FSC trademarks.

10.1.2 The organization shall apply the FSC label which corresponds to the specific FSC claim as defined in Table H.

Table H. FSC claims and corresponding FSC labels.

FSC control system	FSC claims for the outputs	FSC label
Transfer	FSC 100%	FSC 100%
	FSC Mix percentage of at least 70%	FSC Mix
	FSC Mix Credit Claim	FSC Mix label
	<i>Paper products:</i> FSC Recycled percentage of 100% reclaimed (pre- and/or post-consumer) <i>Wood products:</i> FSC Recycled percentage of at least 70% post-consumer reclaimed	FSC Recycled
	FSC Recycled Credit	FSC Recycled
Percentage	FSC Mix percentage of at least 70%	FSC Mix
	<i>Paper products:</i> FSC Recycled percentage of 100% reclaimed (pre- and/or post-consumer) <i>Wood products:</i> FSC Recycled percentage claim of at least 70% post-consumer reclaimed	FSC Recycled
Credit	FSC Mix Credit	FSC Mix
	FSC Recycled Credit	FSC Recycled

NOTE FOR STAKEHOLDERS: The FSC Board in its 66th Meeting (July 2014) decided that pre-consumer reclaimed paper counts as a claim-contributing input towards percentage and credit calculations. However, this change does not apply to reclaimed wood. The working group responsible for the COC standard revision proposes the reduction of the labelling threshold of FSC Recycled WOOD products from 85% to 70%. This proposed change aims to simplify the certification rules. Under the current rules, FSC Recycled products that do not reach the 85% threshold can still be labelled as FSC Mix, if the product has more than 70% of certified content. A reduced labelling threshold of 70% for FSC Recycled wood products would enable more companies that produce products with exclusively reclaimed content to apply the FSC Recycled label on their products and would reduce confusion regarding the gap between 70-84%, where only a Mix label is currently applicable.

- 10.1.3 Organizations applying the FSC label on-product shall ensure that products carrying the FSC label conform with the applicable requirements for labeling in this standard and the requirements specified in FSC-STD-50-001.
- 10.1.4 Organizations labelling products exclusively made of input materials from small or community producers may apply the FSC Small or Community Producer label, according to the requirements specified in FSC-ADV-50-003.

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PART IV: Supplementary Requirements

11 Outsourcing

11.1 Outsourcing activities to contractors

- 11.1.1 The organization may outsource activities within the scope of its chain of custody certificate to FSC certified and/or non-FSC certified contractors.
- 11.1.2 If the organization outsource activities to an FSC certified contractor, the organization shall verify the scope and validity of the contractor's certificate to ensure that the activities are covered under the scope of a valid certificate. This shall be done either through the FSC database at info.fsc.org or the FSC Online Claims Platform at ocp.fsc.org.
- 11.1.3 Prior to outsourcing the processing or production of FSC-certified materials to a new contractor, the organization shall inform its certification body about the outsourced activity, names, and contact details of the contractor.
- 11.1.4 The organization shall maintain a record with the names, certification status, and contact details of all contractors.
- 11.1.5 The organization shall establish an outsourcing agreement with each non-FSC certified contractor, specifying that the contractor shall:
- Conform with all applicable certification requirements and applicable organization's procedures related to the outsourced activity;
 - Not use the FSC trademarks for promotional use or use the organization's certificate code on sales and transport documents;
 - Not further outsource any processing (i.e. the material may not pass from one outsourcing contractor to another under the outsourcing agreement);
 - Accept the right of the organization's certification body to audit the outsourced contractor.

NOTE 1: For high risk outsourcing, the certification body undertakes a physical inspection of a sample of contractors as part of the organization's evaluation (main evaluation, surveillance evaluation and re-evaluation). Outsourcing shall be classified as 'high risk' if any of the following indicators apply:

- The organization outsources all or most of the manufacturing processes of a product;
- The contractor grades or sorts the material (e.g. classifying wood according to its quality, size, or colour);
- The contractor mixes different input materials (e.g. FSC 100% and Controlled Wood);
- The contractor applies the FSC label on the product;
- The contractor does not physically return the products to the organisation;
- Outsourcing is done across national borders to countries with Transparency International's Corruption Perception Index (CPI) lower than 50.

NOTE 2: Even in cases that are not considered "high risk," the certification body can require on-site audits at contractor's sites if a risk of potential contamination is identified.

NOTE 3: Even when one or more of the high risk indicators apply, the certification body can downgrade the risk to "low" if any of the following indicators apply:

- The product is permanently labelled or marked in a way that the contractor cannot alter or exchange the products (e.g. heat brand, printed materials);

- b) The product is palletized, or otherwise maintained as a secure unit that is not broken during outsourcing;
- c) There is no risk of contamination (e.g. intentional or accidental mixing FSC certified materials or products with non-FSC eligible materials or products), as the contractor handles exclusively (physically and temporally) the materials from the contracting organization;
- d) The contractor is employed for services that do not involve manufacture or transformation of certified products (e.g. warehousing, storage, distribution, logistics);
- e) The contractor is an FSC certified organization that includes documented procedures for outsourcing services within the scope of its certificate.

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

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

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

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

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

11.2 Providing outsourcing services to others

11.2.1 The organization shall inform its certification body and include the outsourced activity in the scope of its chain of custody certificate, ensuring that all applicable certification requirements and procedures from the contracting organization are correctly implemented.

11.2.2 The organization may provide outsourcing services to non-certified contracting organizations. If the contracting organization buys FSC certified input materials, these materials shall be shipped directly from an FSC certified supplier to the certified contractor (i.e. the non-certified contracting organizations shall not take physical possession of the materials before outsourcing).

12 Compliance with timber legality legislations

12.1 Trade and custom laws

12.1.1 Organizations exporting and/or importing timber or timber products shall have a system in place to ensure that the commercialization of FSC certified products complies with all applicable trade and custom laws, which include, but are not necessarily limited to:

- a) Bans, quotas, and other restrictions on the export of timber products (e.g. bans on the export of unprocessed logs or rough-sawn lumber);
- b) Requirements for export licences for timber and timber products;
- c) Official authorisation required for entities exporting timber and timber products;
- d) Taxes and duties applying to timber product exports.

12.2 Access to information

12.2.1 Upon request and if required by applicable timber legality legislations, the organization shall provide customers with the following information about FSC certified and FSC Controlled Wood products:

- a) Common name and/or scientific name of timber species as required by the applicable legislation;
- b) Origin of timber (country(ies) of harvest and, where applicable, sub-national regions and concessions of harvest);

NOTE: Information on the sub-national regions or concessions of harvest shall be provided where the risk of illegal harvesting between concessions of harvest in a country or sub-national region varies. Any arrangement conferring the right to harvest timber in a defined area shall be considered a concession of harvest.

- c) Proof of compliance with relevant trade and customs laws.

12.2.2 The organization shall provide a timely response to information requests specified in Clause 12.2.1 above.

12.2.3 The form and frequency of providing this information may be agreed upon between the organization and its customer, as long as the information is accurate and can be correctly associated with each material supplied as FSC certified or FSC Controlled Wood.

12.2.4 In case the organization does not possess the requested information specified in Clause 12.2.1 above, the request shall be passed on to the upstream FSC certified supplier(s), until the requested information can be obtained.

NOTE FOR STAKEHOLDERS: In early 2012, following a mandate of the FSC Board of Directors, FSC initiated an updating process of its standards to ensure harmonization with the EU Timber Regulation (EUTR) and other timber legality legislations such as the US Lacey Act, FLEGT and the Australian Illegal Logging Prohibition Act. This process includes adjustments in the FSC COC requirements to ensure that FSC certified products conform with legally required information regarding species, origin of timber and timber products, and conformity with trade and custom laws.

12.3 Pre-consumer reclaimed wood

12.3.1 Organizations placing FSC certified products on the European market for the first time that contain pre-consumer reclaimed wood material (except paper scraps) shall exercise due diligence to ensure that these materials do not contain illegally harvested timber according to EU Regulation No 995/2010 (EUTR).

NOTE: According to the EUTR, reclaimed wood such as sawdust and chips derived from either primary or secondary manufacturing are not classified as waste, and are therefore subject to compliance with the regulation. Paper scraps are currently excluded from the scope of the EUTR.

12.3.2 Organizations located in countries outside of Europe and exporting FSC certified products that contain pre-consumer reclaimed wood material to companies in Europe shall either:

- a) Inform their customers about the presence of pre-consumer reclaimed wood material in the product before its delivery and commit to supporting their customers in applying their due diligence system, as required by the EUTR; or
- b) Ensure that pre-consumer reclaimed wood (except paper scraps) used in the manufacturing of FSC certified products is FSC Controlled Wood, according to the requirements specified in FSC-STD-40-005.

12.3.3 Organizations applying option 12.3.2 b) above may apply the requirements for co-products outlined in ADVICE-40-005-17, to demonstrate the district of origin of pre-

consumer reclaimed wood, and ADVICE-40-005-20, for the risk assessment of pre-consumer reclaimed wood.

NOTE FOR STAKEHOLDERS: The advice notes indicated above are being incorporated into the revised FSC-STD-40-005 standard. Once the new version of this standard is approved, the advice notes will be withdrawn and the references above will be replaced by the respective standard clauses in FSC-STD-40-005.

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