



Forest Stewardship Council®



FSC® DIRECTIVE

Commented [LFMM1]: This document contains the following proposed changes:
ADVICE-20-011-02 – Amended (page 7)
ADVICE-20-011-07 – Withdrawn (page 10)
ADVICE-20-011-08 – Withdrawn (page 12)
ADVICE-20-011-09 – New (page 12)

FSC-DIR-20-011 EN

FSC Directive on Chain of Custody Evaluations



Last Updated: ~~27 January 2015~~ **DATE**


CHAIN OF CUSTODY


Title: FSC Directive on Chain of Custody Evaluations

Document reference code: FSC-DIR-20-011 EN

Scope: International

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

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

Foreword

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

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

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

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

Note on use of this directive

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

DRAFT

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A Scope

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

B Effective date

The effective date is specified for each advice separately.

C References

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

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

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

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

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

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

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

E Terms and definitions

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

Part 1 General Issues

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

Part 2 FSC Advices

ADVICE-20-011-01	Evaluation of Minor Components Derogation Applications
Status	Withdrawn

ADVICE-20-011-02	Ensuring organizations' compliance with newly effective standard requirements when resuming FSC business activity
Normative reference	FSC-STD-20-011 V 4-01-4 , Clause 3.3-13.2.4
Effective date	16 March 2009. Amended in XXXXXX
Terms & definitions	The definitions provided in FSC-STD-20-011 and FSC-STD-40-004 apply.
Background	<p>This advice provides clarification to certification bodies regarding their responsibilities for surveillance of organizations holding an FSC Chain of Custody certificate that are to be evaluated within the applicable audit cycle against a newly approved certification standard or a new release following a major revision. The Advice Note addresses the following situations:</p> <ul style="list-style-type: none"> the organization is opting to waive its surveillance audit following FSC-STD-20-011 V4-1, clause 13.2+V4-0, Clause 3.3 the organization's certificate is currently suspended <p>Section B.2 of "FSC-STD-40-004 (Version 2): FSC Standard for Chain of Custody Certification" in conjunction with clause 13.2.1 of "FSC-STD-20-011: Accreditation standard for Chain of Custody evaluations". The FSC-STD-20-011 standard does not indicate whether certification bodies could also waive surveillance audits in the event that a required new certification standard (or a new version after a major revision) has become effective since the previous audit.</p> <p>Neither is it clear whether any additional safeguards would have to be put in place in order to prevent an organization from restarting its FSC activities based on outdated certification requirements in the event of a lapse of surveillance audits due to a qualified waived audit or certificate suspension.</p>
Advice	<p>1 For surveillance audits at the time of which a required certification standard has become effective – newly or following a major revision – clause 13.2+13.3 may only be applied with the following amendment to the conditions stipulated by its sub-clauses:</p> <p>1.1 The certification body shall conduct an assessment of the organization's procedures against the relevant new standard requirements at the regular time scheduled for the surveillance audit.</p> <p>1.2 The assessment shall be carried out on-site if:</p> <ol style="list-style-type: none"> the organization's Chain of Custody system requires adjustments due to changed requirements that, if left unaddressed, are likely to result in major non-compliances; the organization will use a new system for controlling FSC claims under a specific product group (see Part II, FSC-STD-40-004-V2-0); the certification body deems this necessary to evaluate the implementation of corrective action requests or a change of the certificate scope. <p>NOTE: The intent is to ensure that organizations are in full compliance with the new or revised standard at the time they again take up activities under the scope of their FSC Chain of Custody certificate.</p> <p>2 In case a suspension of an organization's Chain of Custody</p>

	<p>certificate extends beyond the scheduled time of their regular surveillance audit at the time of which a certification standard has become effective – newly or following a major revision – the following applies:</p> <p>2.1 The certification body shall conduct an assessment of the organization’s procedures to ensure that they are in compliance with relevant new standard requirements at the time when suspension is lifted.</p>
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ADVICE-20-011-03	When shall an FSC Controlled Wood code be issued by the certification body?
Normative reference	FSC-STD-20-011 V1-1 Clause 12.6; FSC-STD-40-005 V2-1 Clause 15.1, 15.2 f; FSC-STD-40-004 V2-0, Clause 6.1.1 f.
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	The FSC Controlled Wood code generally represents that the company has included the sale of ‘FSC Controlled Wood’ for at least one FSC product group in the scope of their FSC Chain of Custody certificate.
Advice	<p>1 An FSC Controlled Wood code shall be issued to all companies wishing to make FSC claims related to ‘FSC Controlled Wood’ in sales and transport documentation. For other activities under FSC-STD-40-005 V2-1 related to the sourcing of non-FSC certified materials (e.g. identification of origin, risk assessments, field verification) no such code needs to be issued.</p> <p>NOTE: FSC Controlled Wood codes that already have been issued may be retained. New FSC Controlled Wood codes may also be issued for activities under FSC-STD-40-005 V2-1 related to the sourcing of non-FSC certified materials.</p> <p>2 The certification body shall not issue the FSC Controlled Wood code if there are outstanding major non-compliances with requirements of FSC-STD-40-005 V2-1.</p>

Commented [LFMM2]: FSC Controlled Wood related advice notes will be maintained until the end of the transition period of FSC-STD-40-005.

ADVICE-20-011-04	Field verification audits, results, decision making and required actions
Normative reference	FSC-STD-20-011 V1-1 Clause 13.3 d; FSC-STD-40-005 V2-1 Annex 3
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	-
Advice	<ol style="list-style-type: none"> 1 Companies who are not able to identify and provide documents or other evidence needed to demonstrate that a wood supply complies with the requirements for FSC Controlled Wood for each of the five FSC Controlled Wood categories shall consider them as 'unspecified risk' and implement a field verification audit at the forest management unit (FMU) level <u>prior to</u> accepting material from these forest management units as controlled. Field verification only has to be done for those CW categories previously identified as 'unspecified risk'. 2 Certification body's field audits to suppliers of wood from unspecified risk sources may be conducted in coincidence with the field verification audit by the company. 3 If any FMU within the field verification program does not fulfill the requirements as specified in Annex 3 of FSC-STD-40-005 V2-1, the timber from that FMU shall not be accepted as controlled. In addition to this, the company shall randomly choose another FMU within the set of similar FMUs for each one removed and conduct an additional audit in the same year that will allow it to make a final decision on the quality of its Controlled Wood verification program. The latter only applies to FMUs which can be evaluated based on sampling.

Commented [LFMM3]: FSC Controlled Wood related advice notes will be maintained until the end of the transition period of FSC-STD-40-005.

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

Commented [LFMM4]: FSC Controlled Wood related advice notes will be maintained until the end of the transition period of FSC-STD-40-005.

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

Commented [LFMM5]: FSC Controlled Wood related advice notes will be maintained until the end of the transition period of FSC-STD-40-005.

ADVICE-20-011-07	Can a Certification Body issue a certificate that gives exclusive rights of commercialization to the organization who had paid for the certificate?
Normative reference	FSC-STD-20-011 Clause 1.4
Effective date	March 2005 (first published in FSC-GUI-20-200)
Background	Forest management and chain of custody evaluations have often been paid for, wholly or partly, by organisations other than the entity being evaluated, for example by NGOs, retailers or product manufacturers further along a manufacturing chain. This can lead to confusion as to who has the right to make use of the certificate. For example, if a forest management evaluation has been paid for by a product manufacturer who buys wood from that forest, can that manufacturer prevent the forest owners supplying 'certified' wood to other manufacturers? Can a certification body issue a certificate that gives exclusive rights to the party that paid for the certificate, rather than the forest owner/manager?
Advice	1— When a forest management certificate is issued, it asserts that the certified forest management unit complies with the applicable Forest Stewardship Standard. The FSC International Center considers that the obligations and rights related to that certificate must rest entirely with the forest managers/owners, independent of the party that paid for the

Commented [LFMM6]: I suggest withdrawing this old advice note. FSC should not regulate business relations of companies.

	<p>evaluation. Certificates must be issued in the name of the forest owners/managers with whom the obligations and rights rest.</p> <p>2 FSC-accredited certification bodies may not issue certificates that limit the rights of certificate holders to sell or market their products as 'FSC-certified' beyond the requirements inherent in the applicable standard(s).</p> <p>3 If the party that pays for the evaluation is not the owner/manager of the forest enterprise, then it is the responsibility of that party to agree with the owner/managers any special conditions relating to the exclusive use or marketing of products.</p> <p>4 In the case of group certification the obligations and rights related to the forest management certificate rest with the group certificate holder. The certification body must ensure that the group certificate holder has the appropriate management authority to ensure that these obligations are met. It is the responsibility of the group certificate holder to agree with the owners/managers any special conditions relating to exclusive use or marketing of products.</p> <p>5 The FSC International Center considers that a forest owner/manager who wishes to enter into some kind of exclusive agreement with another party may do so without the involvement of FSC or the certification body. The forest owner/manager has the mechanism to do this by determining whether or not invoices are issued with the forest management enterprise's joint forest/chain of custody certificate registration code. Only those products sold against invoices quoting the chain of custody code can enter into subsequent chains of custody, and be manufactured into FSC-labelled products.</p>
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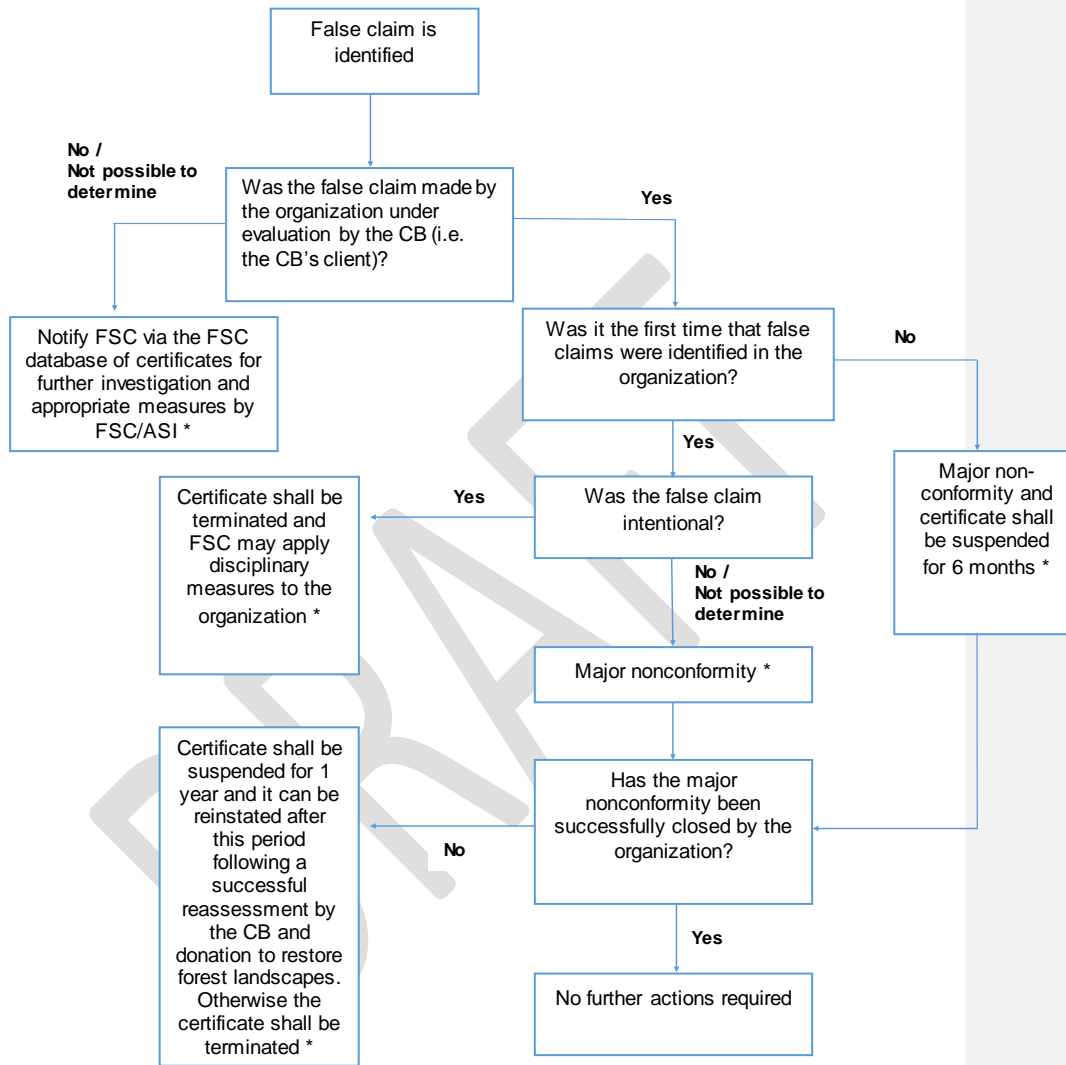
ADVICE-20-011-08	Can a manufacturer at the end of the chain possess a COC certificate covering the several links of the supply chain?
Normative reference	FSC-STD-20-011 Clause 1.4
Effective date	March 2005 (first published in FSC-GUI-20-200)
Background	<p>Many finished forest products are the result of processing by a number of different manufacturers.</p> <p>The pressure from a retailer to provide a certified product may be directed only at the manufacturer at the end of the supply chain, who delivers the finished product to the retailer. Such a manufacturer may be prepared to pay for the certification of the whole chain, from forest to final product, in order to meet the retailer's product requirements.</p> <p>Can such a manufacturer be issued with a single certificate, covering the chain of custody through several links of the supply chain?</p>
Advice	<p>1. At each link in the supply chain particular managers must be responsible for ensuring the integrity of the chain of custody. Experience shows that when a single certificate covers several links, and when the managers at each part of the link are not directly responsible to the company holding the certificate, the risk that the chain of custody breaks down is unacceptably high.</p> <p>2. Certification bodies may not therefore issue certificates that cover more than one link in the chain of custody. Certificates must be issued to the company that has direct management responsibility for the system of chain of custody under their control.</p> <p>3. A manufacturer may of course pay for earlier links in the chain of custody to ensure a supply of certified product. In such case a manufacturer may enter into exclusivity arrangements with his own suppliers, in exchange for paying for the chain of custody control. The certification body may not however issue 'exclusive' certificates (see ADVICE-20-011-07, above).</p>

Commented [LFMM7]: I suggest withdrawing this old advice note. The single, group and multi-site certification eligibility criteria in FSC-STD-40-004 should apply in this case.

ADVICE-20-011-09	Addressing nonconformities related to false claims
Normative reference	FSC-STD-20-011 V4-0, Section 4
Effective date	[DATE]
Terms & Definitions	<p>False claim: An FSC claim made on a sales document for products that are NOT eligible to be sold as FSC certified or FSC Controlled Wood.</p> <p>Inaccurate claim: An FSC claim made on a sales document for a product that is eligible to be sold as FSC certified, but it is sold with the wrong claim.</p>
Background	The FSC Board of Directors has approved in November 2016 the revised versions of the FSC-STD-40-004 (V3-0), FSC-STD-20-011 (V4-0) and additionally a set of actions for ensuring supply chain integrity and addressing false claims in the FSC system. This advice note aims to clarify the actions that shall be taken by certification bodies when false claims are identified. See Graphic 1 for an illustration of the steps that shall be taken by certification bodies when false claims are identified.
Advice	1. When a false claim is identified, the certification body shall first analyze whether the false claim was made by the organization under evaluation (the certification body's client) or another entity, which could be a certificate holder or non-certificate holder. If the false claim was made by the organization under evaluation, the certification body shall apply

	<p><u>the requirements specified in the subsequent clauses of this advice note. If the false claim was made by other entities, or when the evidence is not sufficient to identify the responsible entity, the certification body shall register this information in the FSC database of certificates for further investigation and appropriate measures taken by FSC and ASI.</u></p> <p><u>2. When there is evidence that the organization under evaluation knowingly (intentionally) makes a false claim (e.g. when the organization falsifies documents, or attempts to hide or conceal documents from the certification body, or sell products that are outside the scope of certification as being certified) the certificate of the organization shall be terminated with immediate effect and the certification body shall register the reason for termination in the FSC database of certificates within three (3) business days.</u></p> <p><u>NOTE: In this case, FSC may apply disciplinary measures to the organization (e.g. financial penalty).</u></p> <p><u>3. When there are no evidences that a false claim was made knowingly, the false claim shall be treated as a major nonconformity, requiring the organization to implement applicable measures to address the problem, including root cause analysis and correction, application of non-conforming product procedures, notification of customers, and in some cases relabeling and product recall. The certification body shall also notify FSC about this occurrence via the FSC certificate database.</u></p> <p><u>4. In addition to the requirements specified in Clause 3 above, the following measures apply in the case of repeated unintentional false claims in the organization:</u></p> <ul style="list-style-type: none"><u>– Second time that false claims are identified: major nonconformity shall be issued and the certificate shall be suspended for 6 months.</u><u>– Third time that false claims are identified: the certificate shall be suspended for 1 year. The certificate may be reinstated after this period following a successful reassessment by the certification body and restitution to the world's forests in the form of a minimum 500 USD donation to restore forest landscapes through FSC Ecosystem Services.</u> <p><u>5. The requirements specified in clauses 1 to 4 do not apply to inaccurate FSC claims which are treated as major nonconformity and don't need to be registered in the FSC database of certificates.</u></p>
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Graphic 1. Decision tree on follow up of false claims identified by CBs.



* Major non-conformities, suspensions and terminations related to false claims shall be registered in the FSC database of certificates.