



Forest Stewardship Council®



PSU Review Report

FSC-STD-40-003 V (2-1)
Chain of Custody Certification of Multiple Sites
and
FSC-PRO-40-003 V (1-1)
Development of National Group Chain of
Custody Eligibility Criteria



Status:	Draft
Contact for comments:	FSC International Center - Performance and Standards Unit - Adenauerallee 134 53113 Bonn, Germany
	 +49-(0)228-36766-0
	 +49-(0)228-36766-30
	 psu@fsc.org

All Rights Reserved FSC® International 2022 FSC®F000100

No part of this work covered by the publisher's copyright may be reproduced or copied in any form or by any means (graphic, electronic or mechanical, including photocopying, recording, recording taping, or information retrieval systems) without the written permission of the publisher.

Printed copies of this document are for reference only. Please refer to the electronic copy on the FSC website (ic.fsc.org) to ensure you are referring to the latest version.

PSU Review Report

The Forest Stewardship Council (FSC) is an independent, not for profit, non-government organization established to promote 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.

Summary and recommendation

Reviewed Document

Document code	FSC-STD-40-003 (V2-1) and FSC-PRO-40-003 (V1-1)
Document title	1. Chain of Custody Certification of Multiple Sites <i>and</i> 2. Development of National Group Chain of Custody Eligibility Criteria
Objective of document	The objective of FSC-STD-40-003 V(2-1) is to make FSC certification attractive for Organizations operating multiple sites and affordable for small enterprises by providing the conditions and requirements for the establishment and management of Chain of Custody certificate with multiple sites. The objective of FSC-PRO-40-003 V (1-1) is to provide the procedures to be followed by the National Offices for the definition of national eligibility criteria for Group COC certification to restrict the benefits of group certification to small enterprises based on credible and locally applicable thresholds.
Last approval date	FSC-STD-40-003 V2-1: 18 November 2014 FSC-PRO-40-003 V1-1: 03 July 2014
Review triggered by	<input checked="" type="checkbox"/> Regular review as scheduled
	<input type="checkbox"/> GA Motion or Board decision
	<input type="checkbox"/> New or changed FSC policies or legislation
	<input type="checkbox"/> Change Requests
	<input checked="" type="checkbox"/> Other (please specify): Alignment with other FSC normative documents
Reviewer	Name: Vicky Tran
	e-mail: v.tran@fsc.org
Draft Review Report	7 July 2020
Public consultation	28 July 2020
Final Review Report	21 February 2022

Recommendation

<input type="checkbox"/>	Full revision
<input checked="" type="checkbox"/>	Minor revision ¹
<input checked="" type="checkbox"/>	Editorial revision
<input type="checkbox"/>	No revision
<input type="checkbox"/>	Withdrawal

¹ According to FSC-PRO-01-001 V3-1 Annex 4

Note

This review report will be consulted with stakeholders, leading to a revised version for presentation to the FSC Board of Directors for decision making. If the FSC Board decides that the documents shall be revised, the reviewed documents will then undergo a revision process as described in “Annex 4: Approved deviation for small changes and alignments” of procedure FSC-PRO-01-001 V3-1.

I. Introduction

This report has been developed according to FSC-PRO-01-001 V3-1 Clause 9.6 to review and assess the continued relevance and effectiveness of both normative documents. This is a mandatory step before a normative document can be taken to a revision process. In addition, it responds to the Board requirement for a feasibility and impact analysis for all review and revision processes, mandated at their 71st Meeting.

II. Proposed recommendation and justification

FSC-STD-40-003 V2-1 Chain of Custody Certification of Multiple Sites

The FSC Chain of Custody Certification of Multiple Sites standard (FSC-STD-40-003) provides conditions and requirements for the establishment and management of Chain of Custody (CoC) certificates with multiple sites, which can take the following forms:

- 1) Single CoC certification;
- 2) Multi-site CoC certification; and
- 2) Group CoC certification.

Single CoC certification generally applies to organizations with a single site, however, under specific circumstances, additional sites can be included within the scope of the certificate if all sites are part of the same operation.

Multi-site certification is designed for the certification of large enterprises that are linked by common ownership or legal/contractual agreements. This model makes certification easier and cheaper for large enterprises that can benefit from centralized administration and internal control function for the purpose of FSC certification.

Group certification is specifically designed for the certification of independent small enterprises that, by forming a group, can have easier access to FSC certification by sharing the costs of certification and benefiting from technical support and control provided by a Central Office function. In 2016 the Performance and Standards Unit of FSC commissioned ASI to carry out a study on a sample of multi-site certificate holders regarding their conformity with the eligibility criteria for multi-site certification according to FSC-STD-40-003 V2-1, Clauses 2.1b) and 2.2 (Annex B). Based on the results of the study, the Performance and Standards Unit has revised clauses related to the multi-site certificate holder eligibility to improve the clarity of the requirements. The revised requirements are now included in Section 14 of the FSC-STD-40-004 V3-0 standard, published on 01 January 2017. However, they are not yet incorporated into the FSC-STD-40-003 V 2-1 standard.

FSC-PRO-40-003 V1-1 Development of National Group Chain of Custody Eligibility Criteria

Chain of Custody (CoC) group certification was developed to enable group members who are small companies or organizations to share some of the costs related to achieving and maintaining certification, such as third-party auditing and management costs. To be eligible, a company must comply with specific thresholds relating to annual turnover and number of employees as defined in FSC-STD-40-004 (V3-0).

The eligibility criteria for group CoC certification in Section 15 in FSC-STD-40-003 (V3-0) are the following:

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

a. Each participating site shall qualify as 'small' as defined by:

i. No more than 15 employees (full-time equivalent); **or**
ii. No more than 25 employees (full-time equivalent) **and** a maximum total annual turnover of US\$ 1,000,000.

b. All participating sites shall be located in the same country as the organization that holds the certificate.

Since the introduction of the group CoC certification, the growth of this type of certification in many countries has been slow. This is partly due to the difficulty of adapting and applying the generic group eligibility criteria on an international scale.

FSC recognizes that there are large variations in economic development between countries and sectors within each country in addition to different definitions of what is defined as a "small" enterprise.

As a result, in addition to general group eligibility criteria, National Offices can apply the procedure FSC-PRO-40-003 to develop their own national Group CoC eligibility criteria applicable to their countries. The national eligibility criteria, once approved by FSC, supersede the criteria in Clause 15.1 a) above and are published in the "List of approved national Group Chain of Custody eligibility criteria" (FSC-PRO-40-003a).

In 2018, FSC International commissioned a study (Annex C) carried out by Etifor Srl to analyze the impacts of the introduction of approved national Group CoC eligibility criteria on the number of CoC certificates (both single and group). It was found that National Offices which have introduced their own national Group CoC eligibility criteria have seen an increase of group membership with a clear majority of them being companies who were not initially FSC certified the year before the criteria were introduced. This implies that these companies did not simply move from single or multi-site certificates to a group certificate, demonstrating the positive impact of these nationally defined eligibility thresholds. The ETIFOR report further suggested a revamping of the eligibility criteria for group certification, to make it more generic, global and linked to specific and measurable indices which are publicly available.

Proposed recommendations and justifications

PSU recommends conducting a minor revision of the standard FSC-STD-40-003 V2-1 and procedure FSC-PRO-40-003 V1-1 based on the following reasons, ensuring the documents are aligned with changes that have been made in other parts of the normative framework:

- a. The need to align both documents with FSC normative documents and to incorporate five (5) existing interpretations.

- b. The current version of FSC-STD-40-003 V2-1 standard includes requirements that have been superseded by the Chain of Custody Certification Standard FSC-STD-40-004 V3 and contains terminology which is no longer valid.
- c. A minor revision of FSC-PRO-40-003 V1-1 should make it easier for National Offices to implement this procedure. Due to the success of allowing National Offices to develop their own national eligibility criteria, we do not foresee that a full revision is necessary.
- d. The minor revision of both documents will include editorial corrections to make requirements clearer and easier to understand, update references, alignment of terminology and templates with other normative documents within the CoC Framework. The recommended items to be considered in the minor revision of the documents are found in Annex A.

In addition, the revision would also consider two options regarding amendments to the group eligibility criteria:

Option A: Moving away from the national eligibility criteria based on the number of employees and/or turnover to generic and global requirements based on indices such as the Gross domestic product (GDP) based on purchasing-power-parity (PPP) and Global Competitiveness Index etc.

or

Option B: To consider a regional approach to the eligibility criteria which could include:

- i. expanding the procedure to include Regional Offices allowing them to define the national eligibility criteria for countries within their respective regions

or

- ii. allowing the development of regional eligibility criteria based on similar grouping of countries with continuous borders/similarity in socio-economic levels/economic developments of sectors etc.

or

- iii. Both i. and ii.

The selection of the options above and the changes listed would currently constitute the only foreseen significant change to the standard and procedure which would justify considering this to become a minor revision for both documents.

III. Impact analysis

Internal

Proceeding with a minor revision of FSC-STD-40-003 V2-1 and FSC-PRO-40-003 V (1-1) is mostly about aligning both documents with other FSC normative documents, and as the revision will only change one or two requirements, there is no major impact expected from this process.

PSU anticipates the proposed changes to have a minor impact on some Network Partners who might need to update their national eligibility criteria within their respective countries or regions. However, PSU sees this as a positive impact since the Network Partners have been one of the main promoters of reviewing FSC-PRO-40-003 V1-1.

The development of globally aligned criteria may render FSC-PRO-40-003 obsolete since National offices would no longer need to develop their national eligibility criterion as all countries will have the eligibility criteria fixed to predetermined indicators. Previously approved national criterion will be no longer applicable which will affect the following National Offices and their respective countries, FSC USA, FSC Germany, FSC Italy and FSC Finland. It is unclear if this will result in the decrease of group certification numbers, growth in individual single certification or reduction of certificates overall.

The development of regional criteria for eligibility could have an additional impact on Regional Offices/resources for co-ordination. This could also have the positive effect of bringing more countries into a regionally uniform eligibility criteria which were challenging for some countries where FSC does not have a national office.

The current requirements for eligibility for group CoC certification have been migrated to Chain of Custody Standard (Section 15, FSC-STD-40-004). Any changes to the eligibility criteria might require corresponding changes to that standard as well.

External

The changes to both documents will primarily be the alignment with other normative documents, the inclusion of existing interpretations, general updates, and changes to make requirements more clear and easier to understand. Therefore, PSU does not anticipate the proposed changes to this standard and procedure to put a heavy burden on certificate holders.

The requirements will be more consistent, which will facilitate consistency of certification body evaluations and that this will result in increased credibility of the FSC system.

The development of globally aligned criteria may impact group members who no longer meet the criteria to remain as part of a Group certificate and may have to seek independent CoC certification. Additionally, the proposed changes may open up CoC Group certification to previously ineligible small companies or organizations.

IV. Stakeholder consultation and feedback

Methodology

An international stakeholder consultation will be initiated, and stakeholders will be invited to provide comments and feedback on the draft review report via the FSC Consultation Platform. To ensure that all relevant stakeholders participate in the consultation the following communication channels will be applied:

- Email announcement on the CB Forum and Accreditation mailing list
- Email announcement on the Network mailing list and/or a news item on Branching Out
- News item on the FSC website
- News item on the FSC members' portal
- News item on the FSC trademark portal

To facilitate the consultation, the following type of questions will be included in order to guide participants:

- Guided questions
- General questions about the review report (e.g. Do you agree with the proposed changes to in Section X, Clause X? Please elaborate your response).
- Single-answer questions, these questions allows only one response to be chosen (e.g. What option do you prefer for ...?)
- Ranking questions (e.g. What is your overall impression of the proposed changes? Very positive to Quite negative.)

The period to submit comments on the draft review report will be sixty (60) days from its publication.

For the analysis of the consultation results, the following methods were used:

1. Quantitative analysis of ranking and single answer question responses and
2. Qualitative analysis of descriptive responses to:
 - Distinguish between specific recommendations and thematic suggestions.
 - Group specific recommendations and thematic suggestions into working bundles for the working group to assess.

Results of consultation

From 28 July and 29th September 2020, 74 stakeholders participated during public consultation for this review report. As can be observed in figure 1, the countries with the highest representation among stakeholders are Germany (14%), United States (12%) and Brazil (7%).

Stakeholders by country

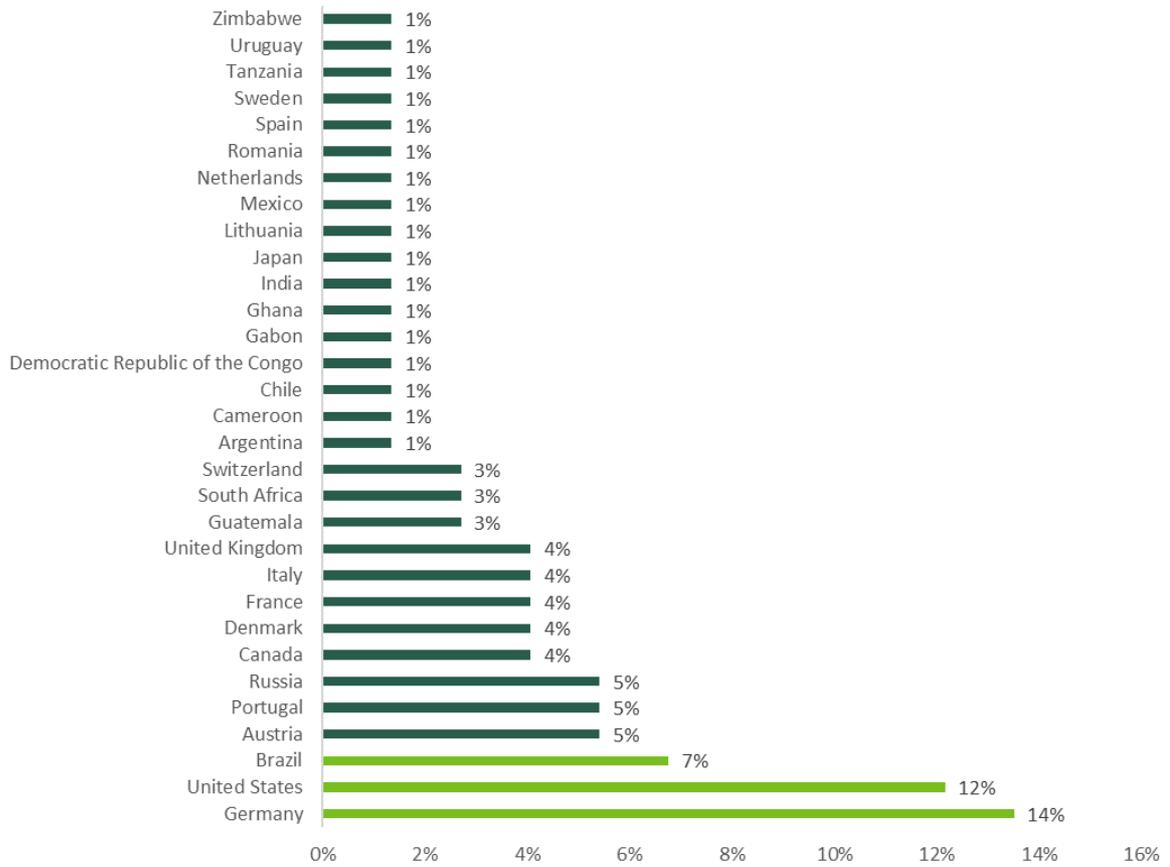


Figure 1 Representation of stakeholders by country.

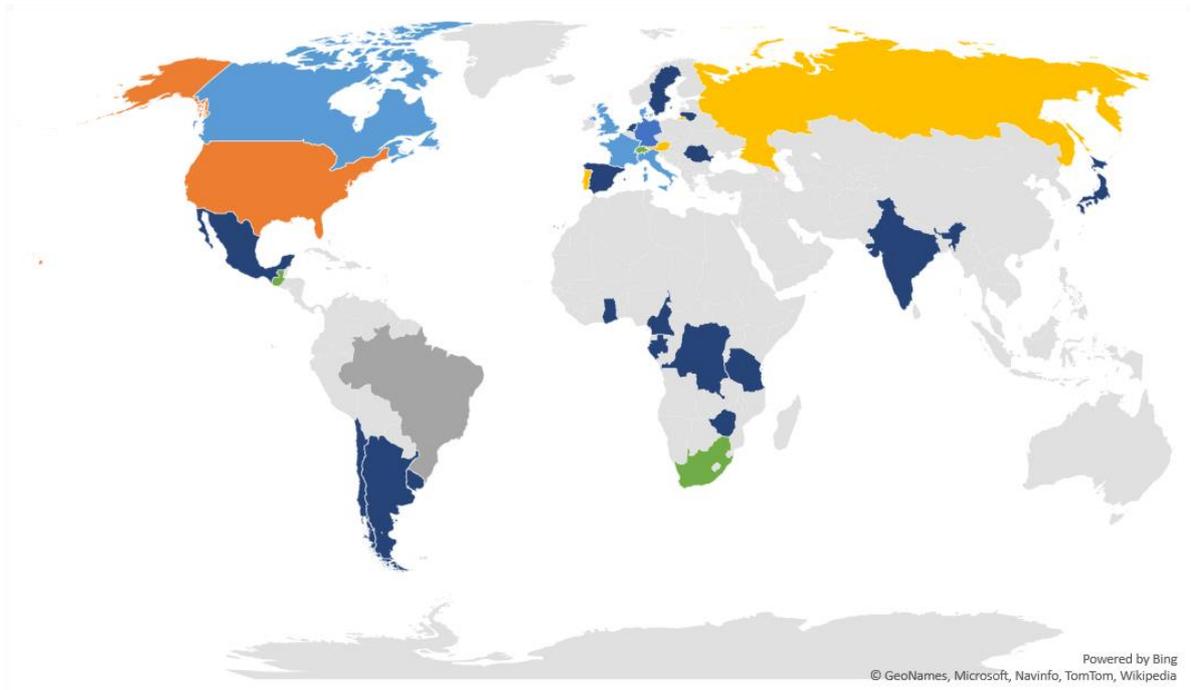


Figure 2 Map representation of stakeholders by country.

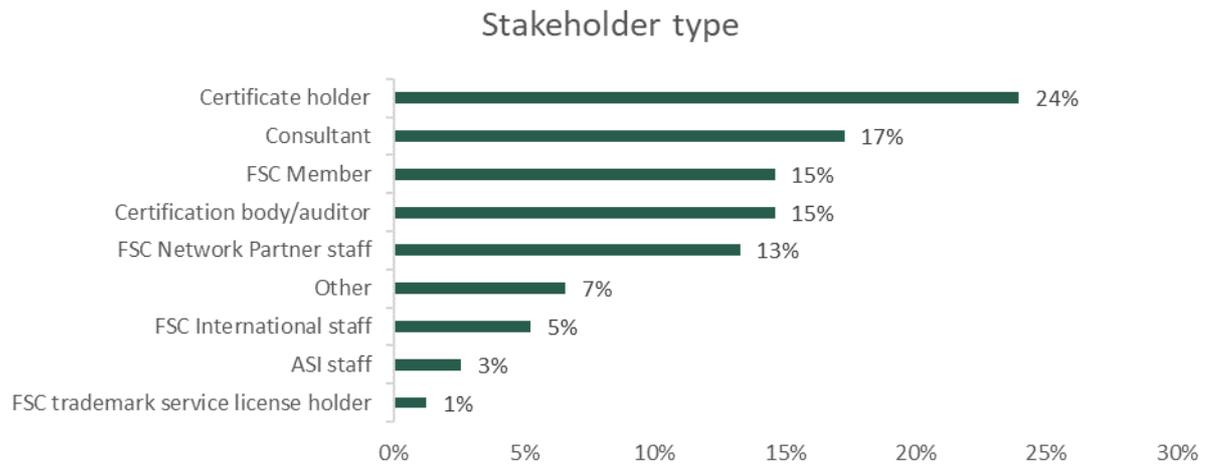


Figure 3 Type of stakeholders that participated during the consultation.

Figure 3 shows the type of stakeholders that participated. Those with the highest participation were certificate holders (24%), consultants (17%), members and certification bodies (15 %) respectively. In the case of FSC members, participants were covering both the global North and South, as well as the three chambers: Social, Environmental and Economic. The Economic North chamber has the highest representation.

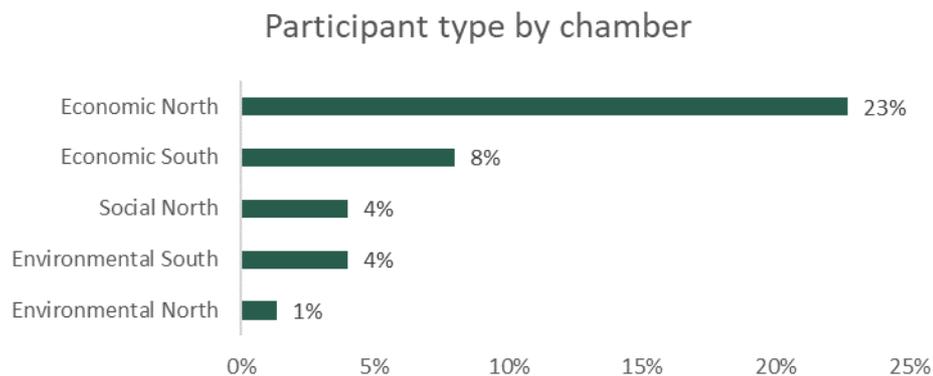


Figure 4 FSC Members by chamber divided by North-South.

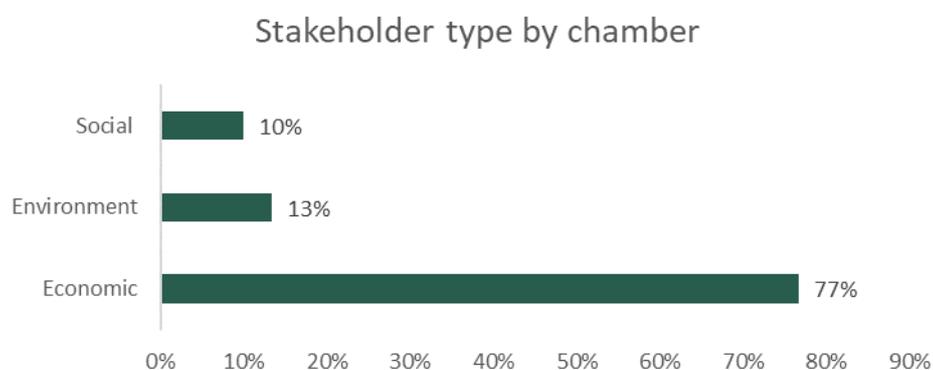


Figure 5 FSC Members by chamber.

Apart from the responses to the ranking and single-answer questions where a majority of participants provided an answer (related to the agreement with the main aspects of the review report such as identified drivers, impacts, annexes and recommendation for revision), stakeholders also provided specific comments to the general and guiding questions.

Synopsis of stakeholder feedback

This section contains a summary of the most relevant stakeholder comments that were received during the consultation, divided by the following topics:

58% of stakeholders' impression of the review report was quite positive and very positive.

Key themes:

- Stakeholders would like to see an approach which allows for integrity and equality.
- A solution is required for small operators and businesses to have access certification group or individual.
- A solution to facilitate Group CoC certificate for companies located in low-low-middle income countries (i.e. the Global South).
- Option A or a major change in the eligibility criteria is a concern for countries with established for CoC group eligibility criteria.
- It is positive to include Regional Offices to develop a criterion for their countries/regions.
- Concerns about integrity and transparency risks, larger groups with many members may never be audited externally and the competencies of internal auditors' suggestions for a risk-based approach.

27% of stakeholders prefer no changes to the National generic criteria but allowing the development of regional eligibility criteria based on similar grouping of countries with continuous borders/similarity in socio-economic levels.

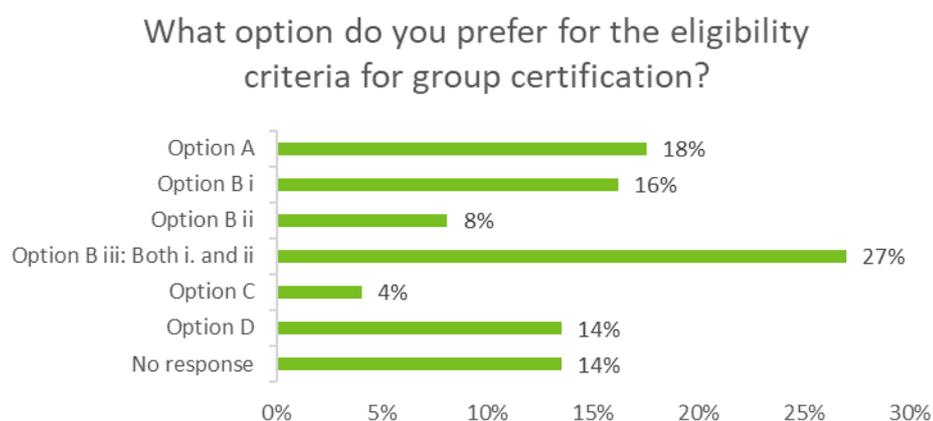


Figure 6 Stakeholder's preference for the eligibility criteria

Option A: Global, generic criteria based on publicly available indices like GDP per capita at Purchasing Power Parity (PPP) and Global Competitiveness Index etc.

Option B i: No changes to the generic criteria but expanding the procedure to include Regional Offices allowing them to define the national eligibility criteria for countries within their respective region.

Option B ii: No changes to the generic criteria but allowing the development of regional eligibility criteria based on similar grouping of countries with continuous borders/similarity in socio-economic levels/economic developments of sectors etc.

Option B iii: Both i. and ii.

Option C: I don't know / I have no opinion

Option D: Other:

Stakeholders have provided the following feedback regarding the eligibility criteria options:

Option A

- Provides a transparent, international, and fairer approach to the eligibility criteria that also ensures a harmonized approach however one stakeholder states it may be too rigid and does not allow for flexibility.
- Beneficial for:
 - for countries who are 'high-risk' while using an official and verifiable index and do not have a National office.
 - genuinely small companies and organizations.
- May disadvantage low- and lower-middle-income countries with poor indexes but with wealthy companies.

Option B i

- Seen by stakeholders that no major change avoids necessary difficulties with auditing.

Option B ii

- Make it simple to facilitate and increase access for small companies.

Option B iii

- Support for Option B iii with the inclusion of regional/neighbouring country approach (i.e. U.S & Canada, CIS or Central European countries) it allows for harmonised requirements, calibration and alignment, flexibility, avoids disparity and adequately addresses the regional needs to set the criteria for economically similar countries.
- It is important for National offices to be allowed to develop and establish the criteria.

Option D

- Stakeholders would like to see a risk-based approach based on species, wood origins of all products, position within the supply chain.
- One stakeholder has pointed out that too many different criteria for countries will mean more work for CBs to keep track of each country that has different requirements and may confuse CHs.
- Remove or increase the number of employees, this will support labour intensive and reliant companies and facilities access for more (larger) companies.
- Facilitate certification access for low- and lower-middle-income countries, for example making it more affordable, simpler or implement one global threshold.

59% and 57% of stakeholders respectively recommend a ‘minor revision’ for both FSC-STD-40-003 and FSC-PRO-40-003 based on the proposed recommendations and justifications in the review report.

What do you recommend for standard FSC-STD-40-003 based on the proposed recommendations and justifications?

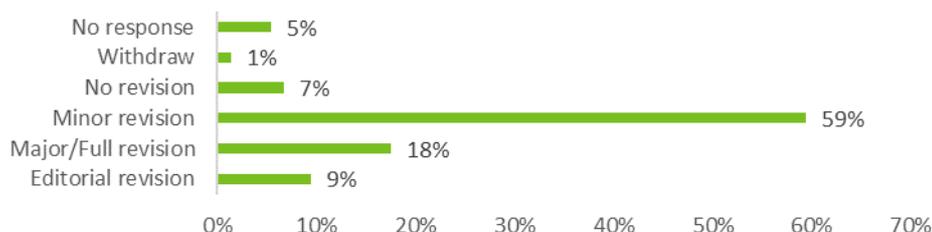


Figure 7 Stakeholders recommend a minor revision for FSC-STD-40-003

What do you recommend for procedure FSC-PRO-40-003 based on the proposed recommendations and justifications?

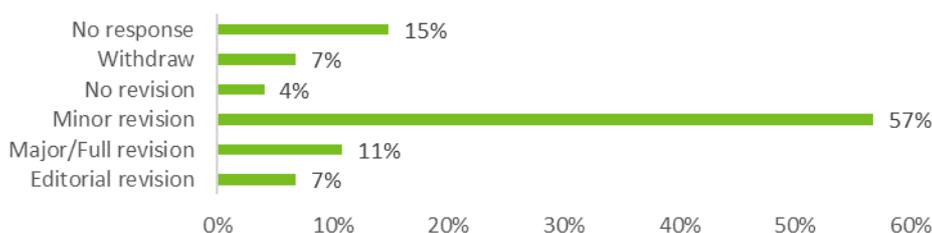


Figure 8 Stakeholders recommend a minor revision for FSC-PRO-40-003

- Feedback by stakeholders varies from not changing the criteria to supporting the implementation of global indicators.
- Some comments highlighted stakeholders concerns that the implementation of ‘Option A: Global, generic criteria’ will have an impact on existing Group CoC Certificates, such as loss of certificates or growth of CoC group certification will slow affecting the group certificates numbers in countries where a National eligibility criterion is already in place.
- Introducing a global and generic criteria may gloss over the in-country complexities removing national level analysis and decision making.
- If PSU decides to conduct a major/full revision the transition period should be extended.
- General feedback was given to existing eligibility for Multi-site and Group certification such as:
 - Clause 2.1 b)ii, one stakeholder comment that this requirement in FSC-STD-40-003 is prohibitive and prevents companies from accessing certification.
 - Clause 3.1 a, most stakeholders do not want the generic criteria changed ,however, one stakeholder suggests updating the requirement for the number of employers and turnover from AND not

OR to exclude companies with few employees but with a high turnover. The group certification scheme was not introduced to benefit these types of organisations.

- Clause 5.5.1, increase group sizes to facilitate larger access to certification (Clause 5.5.1) however some concerns Participating sites may not be monitored closely.

General feedback and suggestion for new or change to existing requirements:

- Current Group certification structure poses an integrity risk within FSC. Certificate Managers/Group managers are like informal 'certification bodies' and should be monitored more by certification bodies.
- Outsourcing is an area of risk.
- Create a group option for distributors only.
- Individual license codes and trademark use (i.e. FSC Label) for at least for Group members.

Stakeholder comments on Annex A, FSC-STD-40-003 V2-1

In relation to the aspects to be considered for the revision, stakeholders made the following comments:

- Section 'Terms and definitions', improve/revised the definition of 'common ownership', difficult to verify, how can a company demonstrate common ownership and how it should be interpreted for multi-site group certificates
- Correct and update 'ASI' from 'Accreditation Services International' to 'Assurance Services International'.
- Formatting and editing of the Annex such as moving 'ANNEX B: Requirements for the issuance of CARs by the Central Office' to '5.3 The Central Office Audit Program'.
- All interpretations must be included however some interpretations cannot be incorporated since some requirements have been moved to FSC-STD-40-004, are certification body specific or COVID-19 specific with a time limit.
- Align terminology used in both the FM Group standards with CoC Group Standards. Both refer to similar roles within the groups, but we use different terms.
- Clause 1.1.a) VII.), eliminate the restriction that all Participating Sites shall be in the same country for Single CoC certification with multiple sites and replace this by a more flexible solution. There are countries and regions that are too small and CoC groups cannot be formed.
- Clause 4.1 clarify that an individual and entity or organisation can act as the Central Office on behalf of Participating Sites.
- Clause 5.2.4, comments around the stringent requirements for CO auditors but concerns about the auditors do not have a high level of competencies.
 - concerns if formal ISO requirements is an obstacle for low- and lower-middle-income countries.
 - accept qualifications for an FSC CoC auditor or auditors have successfully finished an ASI accredited FSC training course
 - remove the requirement, why should an auditor have formal ISO or OHSAS auditor accreditation if it is more than 20 participating sites.
- Clause 5.3.1 Allow for certificates with multiple sites without the need to run a new main audit for the new group/multi-site/participating Site, if the new certificate applicant uses the same procedures than the existing certificate.
- Clause 5.3.2 a) - Replace "same calendar year" to "last external audit".

- Include a requirement to issue Trademark License Agreement for each Participating Site, and issue individual license number for each site and full scope description on the certificate database for each site (i.e. product scope, contact data) to improve transparency.
- Allow individual license code and use each Group member for greater transparency and credibility of the FSC system.

Stakeholder comments on Annex A, FSC-PRO-40-003 V1-1

- Remove procedure from the Normative Framework or make it obsolete.
- Eligibility criteria mentioned in the introduction of the FSC-PRO-40-003 should be withdrawn from this procedure, since they already appear in Clause 15.1 of the FSC-STD-40-004 V3-0.
- Express the need for a common and comparable definition of 'small enterprises'
- Clause 2.1, the introduction of a requirement for National Offices to conduct market research or assessment should be optional or based on consultations with certificate holders and certification bodies. It is seen as an increase or work and resources (i.e. staff hours and financial).
- The global eligibility criteria should take on a risk-based approach and group certification more accessible.

According to stakeholders, the following impacts are an area of concern and should also be considered:

Internal impacts:

- Reduce or merge the number of Normative documents, since the Multi-site and Group requirements are spread across three documents. Too many options may keep all stakeholders satisfied however it will lead too many and different requirements.
- Different opinions on what the real impact on National Offices if the eligibility criteria are changed, from a decrease or increase of group certification and growth in single CoC certification or reduction of certificates overall.
- If Option A was implemented, one stakeholder mention there may be impact initially but in long term, credibility would improve and reduce risk.
- Changing the scope may have an impact on National Offices resources

External impacts:

- Ensure that all CoC groups that are already certified can continue with their certification with low to little impact. Stakeholders that are benefiting from group certification will want to maintain the existing requirements.
- Before starting the revision consider conducting an impact analysis on the proposed option and their impact on existing Group members, group managers and FSC itself. This includes exploring the impact and equality between the Global North-South.
- Consider small organizations and companies and how previously ineligible small companies and organization would become eligible with the proposed changes so they can participate in CoC group certification.
- Harmonization of the eligibility criteria may lead to unavoidable expenses.

V. Revision process

In case a minor revision of this standard and procedure according to FSC-PRO-01-001 V3-1 Annex 4 is approved, an internal Technical Working Group of one or more staff members will be appointed by the Policy Steering Group for this task. The revision will be conducted according to clause 2.4 of Annex 4 with the final decision being taken by the FSC Director General.

However, in case of a major revision of this standard and procedure according to FSC-PRO-01-001 V3-1 Annex 4 is approved, a Technical Working Group will be established based on a public call for applications. The Terms of Reference, conditions for membership, and the number of members shall be defined and approved by the FSC Board of Directors.

VI. Annex A

Main aspects to be considered for the minor revision of FSC-STD-40-003 (V2-1) and FSC-PRO-40-003 (V1-1):

FSC-STD-40-003 (V2-1) Chain of Custody Certification of Multiple Sites

Item to be revised	Justification/concern
Foreword	Update foreword to remove references for the three types of FSC CoC certification available for companies. Remove unnecessary and duplicate information since most of the information in the foreword has been transferred to FSC-STD-40-004 V3-0.
Version History	Include version changes for V2-2
A Objective	
B Scope	
C Effective and validity dates	
D References	<p>Incorporate FSC-PRO-40-003a <i>List of approved national Group Chain of Custody eligibility criteria</i> as a reference in this standard and where relevant.</p> <p>Remove reference to IAF MD 1:2007 IAF Mandatory Document for the Certification of Multiple Sites Based on Sampling as is not referenced in the contents of the standard and include an updated reference to IAF MD 1:2018 IAF Mandatory Document for the Audit and Certification of a Management System Operated by a Multi-Site Organization.</p> <p>Remove references to the following documents as they no long existing within our normative framework:</p> <ul style="list-style-type: none"> • FSC-POL-40-002 (2004) Group Chain of Custody (CoC) Certification: FSC Guidelines for Certification Bodies • FSC-STD-40-003 V1-0 Standard for Multi-site certification of Chain of Custody operations • FSC-ADV-40-018 V1-0 EN Scope and applicability of FSC-STD-40-003
E Terms and definitions	<p>Update the name 'Accreditation Services International' to 'Assurance Services International'.</p> <p>Review and revise the definition of 'Common Ownership'.</p> <p>Update definition 'FSC Trademark Licence Code' to match the definition referenced in the FSC-STD-50-001 V2-0, Requirements for use of the FSC® trademarks by certificate holders.</p> <p>Include the definition of 'Due diligence system (DDS)' since the Controlled Wood verification program have been replaced by the requirements for DDS in FSC-STD-40-005 Requirements for Sourcing FSC® Controlled Wood</p> <p>Align the definition of 'Site' with FSC-STD-40-004 V (3-0) Chain of Custody Certification Standard</p> <p>Explore and create a common definition of "Small enterprises".</p> <p>Update the term 'The Organization;' to 'Organization' to align with other normative documents.</p>

	Review and evaluate the alignment of terminology with FM Group standards.
PART I ELIGIBILITY	
1 Eligibility for Single COC certification with multiple sites.	To remove since this section has been transferred to FSC-STD-40-004 V3-Section 13 Eligibility for single CoC certification. But develop an appropriate Normative Solution (i.e. Advice Note) for any changes to the requirements.
1 Eligibility for Single COC certification with multiple sites. Clause 1.1	Introduce requirement how the organization or Participating site can demonstrate 'common ownership'. Explore the possibility of eliminating the restriction that all Participating Sites shall be in the same country and consider a more flexible solution.
2 Eligibility for Multi-site CoC certification. Clause 2.1	To remove since this section has been transferred to FSC-STD-40-004 V3-Section 14 Eligibility for multi-site CoC certification. But develop an appropriate Normative Solution (i.e. Advice Note) for any changes to the requirements.
2 Eligibility for Multi-site CoC certification. Clause 2.1	Introduce requirement how the organization or Participating site can demonstrate 'common ownership'. Explore if Clause 2.1 b) ii is prohibitive and prevents companies from accessing certification: 2.1 b) ii. Are subject to a centrally administered and controlled management system established by The Organization that has authority and responsibilities beyond those related solely to certification, including at least one of the following elements: - Centralized purchase or sales function; - Common operational procedures (e.g. same production methods, same product specifications, integrated management software); - Operating under the same brand name (e.g. franchise, retailer).
3 Eligibility for Group CoC certification	To remove since this section has been transferred to FSC-STD-40-004 V3-Section 15 Eligibility for group CoC certification. But develop an appropriate Normative Solution (i.e. Advice Note) for any changes to the requirements.
3 Eligibility for Group CoC certification. Clause 3.1	Consider and explore updating the requirement for number of employers and turnover from AND not OR to exclude companies with few employees but with a high turnover: 3.1 Groups of independent "small" enterprises (Participating Sites) are eligible to be included in the scope of a Group COC certificate if they conform to the following eligibility criteria: a) Each Participating Site shall qualify as "small" as defined by: i) No more than 15 employees (full time equivalent); AND ii) No more than 25 employees (full time equivalent) and a maximum total annual turnover of US\$ 1,000,000. Update NOTE to the following: NOTE: FSC-PRO-40-003 authorizes FSC National and Regional Offices to define nationally or regionally specific eligibility criteria for COC Group certification. The national or regional eligibility criteria approved by FSC International supersede the ones in Clause 3.1 a) above and are published

	on the FSC website (in FSC-PRO-40-003a).
Part II Specific requirements for Multi-site and Group CoC certification	
4 Administrative requirements Clause 4.1	Clarify that an individual (i.e. consultant) and an organization/entity (i.e. Consulting firm) can act as the Central Office on behalf of Participating Sites: Clause 4.1 The Multi-site or Group COC certificate shall be administered by a Central Office, which shall be, or act on behalf of, The Organization holding the certificate. The following can act on behalf of the certificate and administer the function of the Central Office in a CoC Group certificate: a) an individual (e.g. consultant, consultant) or b) organization (e.g. consultancy or professional services firm)
5.1 Quality management. Clause 5.1.4 a)	For consistency within this document and to match with Controlled Wood normative documents replace the term 'Controlled Wood verification program' to "a documented due diligence system (DDS)". Update the term 'Supplier verification program' to 'Supplier Audit Program' to match the term used in the FSC-STD-40-007 Sourcing reclaimed material for use in FSC Product Groups or FSC Certified Projects. Replace 'risk outsourcing' to 'risk assessment for outsourcing' to align with the requirements within FSC-STD-20-011. Include the requirement to record the Product Type for each Participating Site and explore feasibility to have the full scope for each Participating Site on the FSC database (https://info.fsc.org).
5.1 Quality management. Clause 5.1.4 b)	Fix formatting error of 5.1.4 b) to a) and so forth.
5.1 Quality management. Clause 5.2.2 c	Amend requirement for clarity and to incorporate interpretation INT-STD-40-003_04: The auditor shall be objective and impartial. Auditors shall not audit activities for which they are responsible to oversee or participate in such as individuals who have supervisory responsibilities or control the work of staff or for which they have any other conflict of interest.
5.2 Qualification of Certificate Manager and Central Office's auditors. Clause 5.2.4	Amend requirement to incorporate interpretation INT-STD-40-003_02: For certificates with more than 20 Participating Sites and where the Participating Sites are not linked through common ownership, the Central Office's auditors shall: a) be in possession of a formal ISO 9001, ISO 14001 or OHSAS 18001 lead auditor certificate achieved through a recognized ¹ accredited training course; or b) completed training equivalent to a 3-day ISO 19011 training course including the exam, provided by a formally qualified QMS, EMS or OHSAS lead auditor and if the training is provided by an FSC-accredited certification body through an in-house trainer:

¹ Refers to course certificates accepted by auditor registration schemes such as IRCA and RABQSA.

	<p>NOTE: The training course agenda and course material needs to be approved by ASI or FSC International in advance and be given the right to witness the implementation of trainings at its sole discretion.</p> <p>NOTE: The certification body should carefully consider and address potential conflicts of interest.</p> <p>In addition, review the auditor training and qualifications requirements for a more balance approach based on the feedback from stakeholders.</p>
5.3 The Central Office Audit Program	Waiver the need of a new main audit for the new Participating Site, if the new certificate applicant already uses the same procedures as the existing certificate (i.e. incorporating a new or existing branch or office):
Clause 5.3.1	<p>5.3.1 The Central Office shall carry out an initial audit of each applicant to ensure that they conform to all applicable requirements of the Chain of Custody certification standard(s) and any additional requirements established by the Central Office prior to their inclusion as a Participating Site in the scope of the certificate. The Central Office may opt to waive its initial audit for applicants that:</p> <p>a) already have common operational procedures in place; AND b) already subject to a centrally administered and controlled management system establish by the existing certificate/organization.</p>
5.3 The Central Office Audit Program	Replace "same calendar year" to "last external audit" to allow Participant Site with external audit near the end of the year to benefit from this waiver in the internal audit program:
Clause 5.3.2 a)	<p>The Central Office shall conduct at least one audit annually of each Participating Site to evaluate the continued conformity to all applicable requirements of the Chain of Custody certification standard(s) and any additional requirements established by the Central Office. The Central Office may opt to waive its annual audit for Participating Sites that:</p> <p>a) Have already been audited by the certification body in the last external audit, and/or</p>
5.3 The Central Office Audit Program.	Update reference to Annex B to Annex A, since it has been transferred to FSC-STD-40-004 V3 as Table F.
Clause 5.3.6	
5.4 Provision of information and documents to Participating Sites	Consider the requirement for to issue the Trademark License Agreement and Trademark Standard to each participating site.
Clause 5.4.1	<p>Introduce requirement the Central Office shall provide each Participating Site:</p> <p>5.4.1 The Central Office shall provide each Participating Site with documentation, specifying the relevant terms and conditions of participation and certification. The documentation shall include:</p> <p>f) Copies of the applicable Trademark standard(s); g) Copies of the Trademark License agreement(s)</p>
5.5 Number and	Evaluate increasing the maximum number of 500 Participating Sites, striking

increase of Participating Sites in the certificate scope Clause 5.5.1	a balance between resolving integrity risks (i.e. a Participating Site may never be audited) and facilitating larger access to certification.
6 Requirements for the Participating Sites Clause 6.1	Consider the requirement for to issue the Trademark License Agreement to each participating site, issue and mandatory use of their own License codes. 6.1 Each Participating Site shall be responsible for: h) Signing the Trademark License agreement(s)
6 Requirements for the Participating Sites Clause 6.2	Consider the requirement each Participating site or only Group members to be issued their own license codes and mandatory use sales documentation, etc. 6.2. For sale of FSC-certified products, Participating Sites may shall use their assigned sub- license code on sales documentation.
Annexes	
ANNEX A. Comparison of Single, Multi-site and Group CoC requirements.	Remove the annex since it has been transferred to FSC-STD-40-004 V3 Section 15 Eligibility for group CoC certification as Table F. Comparison between, Single, Multi-site and Group CoC requirements. But develop an appropriate Normative Solution (i.e. Advice Note) for any changes to the requirements.
ANNEX B: Requirements for the issuance of CARs by the Central Office	Remove as Annex, create a new section 'Section 5.X Requirements for the issuance of CARs by the Central Office'; under 'Section 5.3 The Central Office Audit Program'.

FSC-PRO-40-003 (V1-1): Development of National Group Chain of Custody Eligibility Criteria

Item to be revised	Justification/concern
Introduction	Remove Group CoC certification eligibility criteria from the introduction as it already appears in FSC-STD-40-004 V3-0. Remove references to the trial period of one year from the date of policy approval (July 2002), and reference that a more appropriate definition for "small" enterprises would be implemented. These conditions are no longer relevant.
A Objective	Expand to the objective of the procedure to the include Regional Offices and National Offices to developing both national and regional eligibility criteria based on similar grouping of countries with continuous or shared borders and similar social-economic levels or sectors. Make editorial changes through the document to include Regional Offices/RO.
B Scope	Expand to the scope of the procedure to the include Regional Offices and National Offices to define both national and regional eligibility criteria.

D References	Remove the reference to the policy document because it has been withdrawn from the normative framework, FSC-POL-40-002 Group Chain of Custody (CoC) Certification.
E Terms and definitions	Update minor editorial error as 'E Terms and References' Include 'Verbal forms for the expression of provisions' as adapted from ISO/IEC Directives Part 2: Rules for the structure and drafting of International Standards. Include definition for 'Regional Office'.
1 General issues	
1 General Issues Clause 1.1	Update requirement to include ROs and regional scope: 1.1 FSC National Offices (NOs) and Regional Offices (RO) working to adjust or redefine national or regional eligibility requirements should consider appropriate mechanisms to define "small" businesses that are eligible for Group COC certification. This will generally include at a minimum limitation of numbers of employees and/or total revenue.
1 General issues Clause 1.2	Introduce the requirements for National or Regional Offices developing regional eligibility criteria: National Offices can adjust or redefine national eligibility requirements for their individual respective countries or work with other NOs to develop regional eligibility criteria based on similar group of countries. Regional Offices can develop adjust or redefine national eligibility requirements for countries within their respective region or develop regional eligibility criteria based on similar group of countries.
1 General issues Clause 1.3	Explore and Include requirements to consider a risk-based approach when developing the National/Regional eligibility criteria.
2 Research	
2 Research. Clause 2.1	Explore introducing an optional requirement for National Offices to conduct market research/data or a market assessment (i.e. market penetration of FSC) when determining what is considered a "small enterprises".
2 Research. Clause 2.3	Change 'FSC Policy and Standards Unit (PSU) to 'FSC Performance and Standard Unit (PSU)'. '
3 Stakeholder Consultation	
3 Stakeholder Consultation. Clause 3.3	Update requirement to explicitly state the stakeholder comments should be documented in the stakeholder report (Clause 4.2 c) to add further clarity.
3 Stakeholder Consultation. Clause 3.5	Update the requirement to align with other normative documents which request the same information (i.e. FSC-PRO-60-002) The consultation report shall include: b) a summary of the issues raised 'and how they were addressed'; 'e) An unedited copy of all comments as an Annex to the report.' NOTE: Copies of comments do not require translation from their original language Remove the existing requirement Clause 3.5 e) due to the proposed update for requirement Clause 3.5 a)

4 FSC International Approval	
4 FSC International Approval. Clause 4.1	Update 'FSC International Centre' to 'FSC International'
4 FSC International Approval. Clause 4.4	It is recommended to update this requirement to include a validity or review period of five (5) years from the approval date.
4 FSC International Approval. Clause 4.5	Change 'FSC Policy and Standards Unit (PSU) to 'FSC Performance and Standard Unit (PSU)'.