



Forest Stewardship Council®



Chain of Custody Evaluations

FSC-STD-20-011 V3-0 EN

DRAFT 1-0





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CHAIN OF CUSTODY EVALUATIONS

FSC-STD-20-011 V3-0 EN

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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 Chain of Custody (CoC) certification is designed to provide a credible guarantee that all operations and sites included in the scope of a CoC certificate comply with the requirements of the applicable FSC certification standards specified on the certificate.

Certification audits are based on the certification body's (CB) evaluation of the means of verification for each requirement of the applicable FSC certification standards. The means of verification include a review of documentation and records, on-site observations, and interviews with managers, employees and contractors. Audit evidence may be collected over a range of sites and using different means of verification.

This document specifies the requirements and procedures to be followed by FSC accredited CBs (and applicant CBs) to evaluate CoC operations in order to establish their conformance to applicable certification requirements.

Version History

V1-0 Initial version, approved by the FSC Board of Directors at their 45th meeting, June 2007.

V1-1 This minor review introduced the accreditation requirements for the evaluation of minor components and supplier audit programs for reclaimed materials. This document version was approved by the FSC Board of Directors at their 46th meeting, November 2007.

V2-0 This major review introduced a number of changes in the accreditation standard, including the restructuring of the document for better clarity and simplification of the requirements, revised requirements for the evaluation of Group COC, Multi-site COC, Controlled Wood verification programs, supplier audit programs for reclaimed materials and CB's reporting requirements. The revised standard was approved by the FSC Board of Directors at their 66th Meeting in Vancouver (Canada) on 03 July 2014.

V3-0 This major review includes a number of changes following major revision of certification standards for FSC Chain of Custody (FSC-STD-40-004) and FSC Controlled Wood (FSC-STD-40-005).

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A Objective

The objective of this standard is to provide the requirements to be followed by certification bodies when auditing ~~operations and sites, including Multi-site and Group certificates, as well as Organization's sources verification programs, as well as due diligence system.~~ CoC organizations against applicable requirements of the FSC Normative Framework and integrating the findings to come to a reliable certification decision. This standard thereby aims to reduce the level of subjectivity and increase the consistency between sampling levels implemented by different certification bodies across different situations.

B Scope

This document specifies the requirements and procedures to be followed by FSC accredited certification bodies (and applicant certification bodies) to evaluate Chain of Custody operations in order to establish their conformity with applicable certification requirements. It is the responsibility of the certification body to collect evidence and require corrective action as necessary to substantiate its corresponding certification decisions.

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

The standard is divided into three (3) parts:

- Part I provides the universal requirements for chain of custody evaluations.
- Part II provides specific requirements to be applied according to the scope of the evaluation.
- Part III provides the minimum requirements for Chain of Custody evaluation reports.

C Effective and validity dates

Approval date	<u>XX March 2016</u>
Publication date	<u>01 April 2016</u>
Effective date	<u>01 July 2016</u>
<u>Transition period</u>	<u>01 July 2016 – 30 June 2017</u>
Period of validity	<u>Until replaced or withdrawn</u>

NOTE: Certification bodies shall adapt their FSC accredited certification programs (as needed) to ensure conformity with this version of the standard by the end of the transition period.

D References

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

FSC-STD-20-001 General Requirements for FSC Accredited Certification Bodies
~~General requirements for FSC Accredited Certification Bodies –
the application of ISO/IEC Guide 65:1996 (E)~~

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

FSC-STD-40-004 Chain of Custody Certification

FSC-STD-40-004a FSC Product Classification

FSC-STD-40-005 V2-1 Standard for Company Evaluation of FSC Controlled Wood

FSC-STD-40-005 V3-0 Requirements for Sourcing FSC Controlled Wood

FSC-STD-40-007 Sourcing Reclaimed Material for Use in FSC Product Groups or
FSC-certified Projects

~~FSC-POL-40-002: Group Chain of Custody (COC) Certification: FSC Guidelines for
Certification Bodies~~

~~FSC normative documents superseded and replaced by this standard~~

~~Section 4 of FSC-POL-40-002 (2004) Group Chain of Custody (COC) Certification:
FSC Guidelines for Certification Bodies~~

E Terms and definitions

For the purposes of this standard, the terms and definitions given in *FSC-STD-01-002 FSC Glossary of Terms*, *FSC-STD-40-004 FSC Standard for Chain of Custody Certification*, *FSC-STD-20-001 General Requirements for FSC Accredited Certification Bodies*, and the following apply:

Affected stakeholder: Any person, group of persons or entity that is or is likely to be subject to the effects of the activities of the organization. (Modified from: *FSC-STD-01-001 FSC Principles and Criteria for Forest Stewardship*)

Auditing time: Auditing time includes the time spent by an Auditor or Audit Team in planning (including off-site document review, if appropriate), physically auditing an organization, personnel, records, documentation and processes, and report writing.

Central Office: The identified central function (e.g. office, department, person) of a Multi-site or Group, that holds ultimate management responsibility for maintaining the certification contract with the certification body, for being responsible for upholding the Chain of Custody system and for ensuring that the requirements of relevant Chain of Custody certification standard(s) are met at the Participating Sites.

Certification: Third-party attestation related to products, processes, systems or persons.

Certification decision: Granting, maintaining, renewing, expanding the scope of, reducing the scope of, suspending, reinstating, or withdrawing certification.

Chain of Custody: The path taken by ~~raw materials, processed materials, finished products, and co-/by-products~~ from the forest, or in the case of recycled materials from the reclamation site, to the point where the product is sold with an FSC claim and/or it is finished and FSC labelled. ~~consumer or (in the case of reclaimed/ recycled materials or products containing them) from the reclamation site to the consumer.~~ The chain of custody includes each stage of sourcing, processing, transformation, ~~manufacturing~~ trading, ~~storage~~ and transport-distribution where progress to the next stage of the supply chain involves a change of product ownership ~~(independent custodianship) of the materials or the products.~~

Chain of Custody certificate: A certificate is a document issued under the rules of a certification system, indicating that adequate confidence is provided that a duly identified product, process or service is in conformity with a specific standard or other normative document [ISO/IEC Guide 2:1991 paragraph 14.8 and ISO/CASCO 193 paragraph 4.5].

A Chain of Custody certificate issued by an FSC accredited certification body provides a credible guarantee that there is no major failure in conformance to the requirements of the specified FSC normative document(s) in any operational site within the scope of the certificate.

Within the FSC certification system there exist three types of Chain of Custody certificates:

- Single Chain of Custody certificates
- Group Chain of Custody certificates
- Multi-site Chain of Custody certificates

Chain of Custody operation: Individual, company or other legal entity operating one or more facilities or sites within any 'stage' of the forest product supply chain and issuing invoices for materials or products with an FSC claim that can be used by customers to treat such products as certified or to make promotional claims.

Chain of Custody system: Control system to allow certification claims along the Chain of Custody. Chain of Custody systems have to be established by Chain of Custody operations within each stage and between successive stages of the supply chain as materials and products are moved from one stage to the next.

Common Ownership: Ownership structure where all sites under the scope of the Chain of Custody certificate are owned by the same Organization. Ownership means at least 51% of ownership interest over the sites.

Controlled material: Input material supplied without an FSC claim, which has been assessed to be in conformity with FSC Controlled Wood requirements according to the standard FSC-STD-40-005 V3-0 Requirements for Sourcing FSC Controlled Wood. (Source: FSC-STD-40-004 Chain of Custody Certification)

Critical control points: Critical control points are those places or situations in the supply chain where materials from uncertified/uncontrolled sources could enter or where certified/controlled materials could leave the system.

~~**District:** Generic geographical definition within a country, which has similar features and similar risk for controlled wood categories and from which wood is sourced. It can be a county, locality or watershed, and is normally a sub-set of an eco-region.~~

Evaluation: Systematic examination of the extent to which a product, process or service fulfils specified requirements (term used in ISO/IEC Guide 65).

Typical types of evaluation:

- Pre-Evaluation: assessment to determine the applicant's readiness for their main evaluation.
- Main Evaluation: initial assessment of an applicant for FSC certification.
- Re-Evaluation: assessment for re-certification.
- Surveillance evaluation: see "surveillance".

NOTE: The certification body may also conduct other types of evaluations in addition to the ones listed above, e.g., Corrective Action Request (CAR) and pre-condition verification audits, expansion of scope evaluations, certificate transfer evaluation.

~~**FSC Controlled Wood (CW):** Material which has passed assessment for conformance 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*.~~

FSC Controlled Wood: Material or product with the FSC Controlled Wood claim.

Interested stakeholder: Any person, group of persons, or entity that has shown an interest, or is known to have an interest, in the activities of the organization.

(Modified from: *FSC-STD-01-001 FSC Principles and Criteria for Forest Stewardship*)

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

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

Participating Site: 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.

High Risk Participating Sites: Participating Sites operating a CW verification program or due diligence system according to FSC-STD-40-005, supplier audit program for reclaimed materials according to FSC-STD-40-007 and/or high risk outsourcing to non-FSC certified contractors.

Normal Risk Participating Sites: Participating Sites not conducting any of the activities considered “high risk” as above.

Scope of Chain of Custody certificates: The scope of a Chain of Custody certificate defines the sites, products (by product types and labelling category/material status), and processes / activities that are included in an evaluation, together with the certification standard(s) against which these have been audited in order to ensure that products from those sites and processes meet all the applicable requirements. It determines the point at which the certified Chain of Custody system starts (i.e. the point at which the organization takes possession of certified and non-certified material), the basic material-related processes (e.g. processing, manufacture, labelling, storage and/or transport), up to the point at which it finishes (i.e. the point that the certified products leaves the organization's control). Any product which is within the defined scope of the certificate at the time the certificate is issued may be considered to comply with the applicable requirements of relevant FSC normative document(s).

Products which have already left the Chain of Custody system under evaluation at the time the certificate is issued (i.e. which have been sold or shipped) cannot be considered to be certified and are not eligible to carry the FSC Trademarks.

NOTE: In the case of joint forest management and Chain of Custody certification, timber that had been felled prior to the issue of a certificate, but which has not yet been sold by the forest management enterprise may be sold as certified.

Equivalent considerations apply when a Chain of Custody certificate is withdrawn or expires. Certified products that were produced in conformance to all applicable FSC normative documents which left the evaluated Chain of Custody system whilst the certificate was valid remain certified even after the certificate has been withdrawn.

Products which have not yet left the organization's Chain of Custody system at the time the certificate is withdrawn lose their certified status with immediate effect.

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. Subcontractors 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 company-owned warehouses.

Surveillance: Systematic iteration of conformity assessment activities as a basis for maintaining the validity of FSC certification.

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 to 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.

The requirements of this standard apply to all types of Chain of Custody evaluations (i.e. pre-evaluations, main evaluations, surveillance evaluations, re-evaluations), unless otherwise specified.

PART I: General Requirements

1 General principles

- 1.1 A Chain of Custody certificate issued by an FSC accredited certification body provides a credible guarantee that all Chain of Custody operations within the scope of a certificate conform to all applicable requirements of the relevant FSC normative documents. In order to provide such a guarantee the certification body shall:
- Analyse and describe the Chain of Custody operation and/or Group or Multi-site certificate to be evaluated in terms of one or more operational sites;
 - Confirm that there is a control system in place that is capable of ensuring that all the applicable requirements are implemented by every operational site, including non-certified suppliers as part of FSC Controlled Wood and reclaimed material verification programmes, and contractors as part of outsourcing agreements, within the scope of the evaluation;
 - Where applicable, carry out sampling of operational sites¹, non-certified suppliers², contractors, documents, management records and interviews with personnel, sufficient to verify that the control system is being implemented effectively and consistently across the whole scope of the evaluation;
 - Confirm that any nonconformity to applicable requirements is adequately addressed by the organization within the established timelines.

NOTE: The Chain of Custody requirements of the FSC Normative Framework are designed to be applied at the site level of Chain of Custody operations, unless otherwise specified in the standards.

2 Evaluation requirements

- 2.1 The certification body shall complete an analysis and description of the operational sites included in the scope of the evaluation, and the structures and systems in place for their management.

NOTE: The results of this analysis and description are required as the basis for subsequent evaluation of the management structure and for sampling the operational sites included in the scope of the evaluation.

¹ Sampling of sites or Chain of Custody operations is only permitted for evaluations of Group and Multi-site certificates. All sites included in the scope of a single Chain of Custody certificate have to undergo full evaluations by the certification body.

² The sampling of suppliers is applicable for suppliers of controlled material according to FSC-STD-40-005 V2-1 or included in the Due Diligence System of The Organization implementing FSC-STD-40-005 V3-0 and suppliers of reclaimed material included in a supplier audit program according to FSC-STD-40-007.

- 2.2 The certification body shall define the scope of the Chain of Custody evaluation by the following parameters:
- a) Sites acting as Chain of Custody operations;
 - b) Product groups;
 - c) All processes or activities performed by the organization, Participating Sites of Multi-site or Group certificates, and contractors;
 - d) Applicable FSC normative document(s) against which these processes and activities are audited;
- 2.3 If a new version of an applicable FSC normative document becomes effective prior to the next scheduled surveillance evaluation then this document shall replace the version previously used for evaluation.
- 2.4 The certification body shall determine, in accordance with its documented procedures, the auditing time needed to accomplish each evaluation of the organization's FSC Chain of Custody control system, covering the requirements that are applicable to the scope of the certificate. The auditing time determined by the certification body shall be recorded in the evaluation report.

Evaluation of management systems

- 2.5 The certification body shall complete an analysis of the organization's management control required to ensure that all applicable certification requirements are implemented over the full range of management operations, including the identification and analysis of the critical control points.

NOTE: In the case of large Multi-site organisations the requirement to evaluate conformity implies the need to evaluate management systems and their functioning at regional and sub-regional offices.

- 2.6 The certification body shall evaluate the capacity of the organization to implement its management system consistently and effectively as described. This evaluation shall include consideration of:
- a) The technical and material resources available (e.g. system and technology for the FSC certified production control, segregation materials);
 - b) The human resources available (e.g. the number of people involved in management, their training and experience; the availability of expert advice if required);
 - c) For Multi-site certificates, the certification body shall identify the complexity and scale of the activities covered by the certificate scope. This information will be used to evaluate the Central Office's ability to manage the number of Participating Sites within the scope of the certificate and determine its annual growth limits.

NOTE: The certification body may make use of information that is available as a result of previous evaluations in relation to FSC normative documents and/or in relation to other standards such as those published by ISO. In all cases the certification body shall make its own, independent decision as to whether the organization complies with the applicable certification requirements.

Evaluation at the level of the operational site

2.7 The certification body shall evaluate each operational site within the scope of the evaluation (including a sample of Participating Sites of Group and Multi-site certificates) in order to make direct, factual observations to verify the organization's conformance to all applicable certification requirements. The evaluation shall include:

- a) Identification and assessment of management documentation and a sufficient variety and number of records at each operational site selected for evaluation in order to confirm that management is functioning effectively and as described, particularly with respect to the identified critical control points;
- b) Interviews with a sufficient variety and number of employees and contractors at each operational site selected for evaluation in order to verify the organization's conformance to all applicable certification requirements. As a minimum, interviews shall be conducted to verify training measures and understanding of individual responsibilities at different locations across the operation under evaluation. The interviewer shall ensure that comments can be provided in confidence;
- c) Evaluation of the organization's implementation of all applicable Corrective Action Requests;
- d) Review of all complaints, disputes or allegations of nonconformities received by the organization and/or the certification body;
- e) Physical inspection of all sites selected for evaluation³, including inspection of all locations where operational activities under the scope of the certificate are carried out. Desk audits may be conducted in the following cases:
 - Sites that do not take physical possession of FSC-certified materials/products, controlled material or FSC Controlled Wood in their own or rented facilities, and do not label, alter, store or re-package the products (e.g. sales offices);
 - Storage sites of finished and labelled products, and where the certification body has confirmed through an initial physical inspection that there is no risk of mixing FSC certified products with other materials (i.e. sites that only store FSC certified products). Certification bodies shall conduct physical inspection of these storage sites at least once during the five years duration of a certificate;

NOTE: Certification bodies are not obliged to conduct desk audits, even when all requirements specified in 2.7 e) ~~appear to be~~ satisfied. At their own discretion, initially or at any time, certification bodies may decide to carry out site visits where and when necessary to ensure confidence in a certificate.

³ Sampling of sites or Chain of Custody operations is only permitted for evaluations of Group and Multi-site certificates. All sites or operations included in the scope of a single Chain of Custody certificate have to undergo full evaluations by the certification body.

- f) Purchasing and sales documentation of any materials or products related to FSC certification (invoices, bills, transport documents, sales contracts);
- g) Confirmations that inputs described as FSC-certified or FSC Controlled Wood were covered by a valid FSC Chain of Custody certificate and supplied with the applicable FSC claims and certification codes;
- h) Evaluation of systems for controlling FSC Claims:
 - i. Percentage and Credit System: calculations of credits and/or input percentages for each product group within the scope of the certificate;
 - ii. Transfer System: a sample of records of certified outputs, and confirmation that these can be traced to certified inputs;
- i) The correct use of the FSC Trademarks (on-product and promotional) and the 'FSC Controlled Wood' claim in segregation marks, sales and transport documentation;
- j) Training records (e.g. training materials, participants list).

3 Surveillance Evaluations

- 3.1 The certification body shall carry out a surveillance evaluation to monitor the organization's continued conformance to all applicable certification requirements at least annually.

NOTE: The evaluation of corrective action to close major nonconformity may require on-site audits at shorter intervals.

- 3.2 For a certificate that has a five-year validity at least four (4) surveillance evaluations shall take place before the certificate expires. The number of surveillance evaluations may be reduced if Clause 3.3 applies.

NOTE: In the context of surveillance "annually" is to be interpreted as follows: at least once per calendar year, but not later than 15 months after the last evaluation (determined by the date of the field visit or desk evaluation).

- 3.3 For operations or sites that have not produced, labelled or sold any FSC-certified material and have not sourced controlled material or sold any FSC Controlled Wood since the previous audit, surveillance evaluations may be waived. However, certification bodies shall not waive more than two (2) consecutive surveillance evaluations.

NOTE: The decision to waive a surveillance evaluation on the grounds described above is at the discretion of the certification body. The certification body may require a surveillance evaluation to be carried out if this is considered necessary to ensure confidence in the certificate.

- 3.4 When a surveillance evaluation is waived, the certification body shall require the organization to sign a declaration stating that no material has been produced, labelled or sold as FSC-certified; sourced as controlled material; or sold as FSC Controlled Wood since the last audit. The declaration shall contain a commitment by the organization to contact the certification body as soon as they wish to produce, label or sell material as FSC-certified; source controlled material or sell FSC Controlled Wood and a commitment to maintain their Chain of Custody system during the period in question. The certification body shall audit the organization no later than three (3) months after the restart of the

activities listed in this Clause (e.g. restart of FSC production) to confirm the maintenance of the Chain of Custody system.

- 3.5 At the next surveillance evaluation the certification body shall review all records back to the previous annual surveillance evaluation to ensure that the Chain of Custody system has been maintained and that no material has been produced, labelled or sold as FSC-certified, sourced as controlled material or sold as FSC Controlled Wood in accordance with the waive declaration.
- 3.6 In addition to the requirements specified in Clause 2.7, at surveillance evaluations the certification body shall review and assess at minimum:
- a) Any changes to the scope of the certificate, including new Chain of Custody operations or Participating Sites, and changes in business activities;
 - b) Changes to the organization's management system;
 - c) FSC certified production and inventory records.

4 Certification decision

NOTE FOR STAKEHOLDERS: The Clauses deleted in this section are covered by the revised FSC-STD-20-001 indicated in Clause 4.1.

4.1 Certification bodies shall make certification decisions based on their evaluation of the Chain of Custody operation's conformity to each applicable requirement specified in the relevant FSC normative document(s) and in accordance to the latest version of FSC-STD-20-001.

4.2 All organization's nonconformities to the applicable requirements that are identified by the certification body shall be recorded in the evaluation report or associated checklists.

~~4.3 The certification body shall evaluate each identified nonconformity to determine whether it constitutes a minor or major nonconformity. Non-conformities shall lead to Corrective Action Requests, suspension or withdrawal of the certificate.~~

~~NOTE: The auditor may also identify the early stages of a problem which does not yet constitute a nonconformity, but which the auditor considers may lead to a future nonconformity if not addressed by the client. Such observations should be recorded in the evaluation report as 'observations' for the benefit of the client.~~

~~4.3.1 A nonconformity shall be considered minor if:~~

- ~~a) It is a temporary lapse, or~~
- ~~b) It is unusual/non-systematic, or~~
- ~~c) The impacts of the nonconformity are limited in their temporal and organisational scale, and~~
- ~~d) It does not result in a fundamental failure to achieve the objective of the relevant requirement.~~

~~4.3.2 A nonconformity shall be considered major if, either alone or in combination with further non-conformities, it results in, or is likely to result in a fundamental failure to achieve the objective of the relevant requirement in the Chain of Custody operation(s) within the scope of the~~

~~evaluation. Such fundamental failures shall be indicated by non-conformities which:~~

- ~~a) Continue over a long period of time, or~~
- ~~b) Are repeated or systematic⁴, or~~
- ~~c) Affect a wide range of the production, or~~
- ~~d) Are not corrected or adequately addressed by The Organization once they have been identified.~~

~~4.4 The certification body shall consider the impact of nonconformity, taking account of how it affects the integrity of the affected supply chains for FSC-certified products and the FSC system, when evaluating whether a nonconformity results in or is likely to result in fundamental failure to achieve the objective of the relevant requirement.~~

~~4.5 The Corrective Action Requests timelines commence from the moment when they are formally presented to The Organization and no later than three (3) months from the audit closing date. Corrective Action Requests shall have the following timeframes:~~

- ~~a) Minor nonconformity shall be corrected within the maximum period of one (1) year (under exceptional and justified circumstances the timeline may be extended to two (2) years);~~
- ~~b) Major nonconformity shall be corrected within three (3) months (under exceptional and justified circumstances within six (6) months).~~

~~NOTE: Action(s) taken to correct a major nonconformity may continue over a period of time which is longer than three (3) months. However, action must be taken within the specified period which is sufficient to prevent new instances of nonconformity within the scope of the certification.~~

~~4.6 The certification body shall determine whether Corrective Action Requests have been appropriately implemented within their timeframes. If the action taken is not considered adequate, then:~~

- ~~a) Minor nonconformity shall become 'major' nonconformity and shall be corrected within a maximum period of three (3) months (or in exceptional and justified circumstances six (6) months).~~
- ~~b) Major nonconformity shall lead to immediate suspension of the certificate.~~

~~4.7 Major non-conformities shall not be downgraded to minor non-conformities.~~

~~4.8 The certification body shall not issue, re-issue or lift suspension of a certificate that has open major non-conformities.~~

~~4.9 The results of the main evaluation are valid for a maximum period of six (6) months. Within this period a certification decision should be taken. Otherwise, the results of the main evaluation are considered out of date and a new on-site main evaluation shall be conducted before a certificate can be issued.~~

~~4.10 The occurrence of five or more major non-conformities in a surveillance evaluation shall be considered as a breakdown of The Organization's Chain of Custody system and the certificate shall be suspended immediately. The~~

~~⁴ The certification body shall determine whether the number and impact of a series of minor non-conformities identified during evaluation is sufficient to demonstrate 'systematic' failure (i.e. failure of management systems). If this is the case then the repeated instances of minor non-conformities shall constitute a major non-conformity.~~

~~maximum period that a certificate may remain suspended is twelve (12) months. After this period, the certificate shall be withdrawn, unless all major non-conformities have been successfully closed.~~

4.14.3 For Group and Multi-site evaluations, the specification of nonconformities shall distinguish between 'Central Office level' and 'Participating Site level', where:

- a) Central Office level nonconformities may be caused by:
 - i. Failure to fulfil a Central Office responsibility, such as administration, internal inspection, record-keeping, trademark use and others as required by the relevant FSC normative document(s);
 - ii. Failure to ensure that Participating Sites comply with a Corrective Action Request issued by the certification body or the Central Office;
 - iii. Failure(s) of sites' responsibility, sufficient in number, extent and/or consequences to demonstrate that organizational control has broken down (e.g. identical nonconformities identified by the certification body at three or more Participating Sites during an evaluation).
- b) Participating site level nonconformities may be caused by:
 - i. Failure to fulfil a responsibility as Participating Site, such as timely provision of adequate information, effective response to internal corrective actions, correct trademark use, etc.;
 - ii. Failure to meet the applicable requirements of the relevant FSC normative documents.

4.14.4 Five (5) or more Major Corrective Action Requests issued to the Central Office of a Group or Multi-site by the certification body shall result in suspension of the entire certificate. Five (5) or more Major Corrective Action Requests issued to a Participating Site of a Group or Multi-site by the certification body shall result in suspension of that particular Participating Site, but does not necessarily result in the suspension of the entire certificate. Nonconformities identified at the level of a Participating Site level may result in nonconformities at the Central Office level when the nonconformities are determined to be the result of the Central Office's performance (e.g. where identical Corrective Action Requests are issued to several Participating Sites, the Corrective Action Request may be a result of ineffective training or support by the Central Office)

4.5 For Controlled Wood evaluations, nonconformities may be caused by failure of the organization's failure to conform to any of the applicable requirements

~~requirements of the relevant FSC normative documents, including but not limited to examples provided in Box 1:~~

NOTE: Supplier level nonconformities with relevant requirements may result in a Corrective Action Request to the organization.

Box 1. Examples of major non-conformities for Controlled Wood evaluations (informative guidance)

The following are examples of major nonconformities with the requirements of FSC-STD-40-005.

- a) Lack of an effective Due Diligence System;
- b) Failure to legitimately apply the Due Diligence System to forest resources owned or managed by the organization;
- c) Failure of the organization to ensure that its suppliers have taken corrective action(s) determined by the organization in order to ensure the organization's conformity with the standard FSC-STD-40-005;
- d) Absence of independent information that demonstrates the origin of material;
- e) The use of risk designations other than approved National Risk Assessments, when they exist;
- f) Failure of the organization to demonstrate that its risk assessment has been conducted in accordance with the applicable requirements;
- g) Evidence that the organization has manipulated information used in a risk assessment in order to support a low risk designation;
NOTE: This includes consideration of the feedback received from stakeholders.
- h) Use of material originating from unassessed areas without the certification body's approval of the organization's risk assessment;
- i) Failure to establish and implement adequate Control Measures;
- j) Absence of or failure to implement a complaint procedure;
- k) Failure to assess and mitigate the risk related to mixing material with non-eligible inputs in the non-certified supply chain;
- l) Failure to provide information to be publically available.

- ~~a) Lack of an effective Due Diligence System;~~
- ~~b) Failure to apply the Due Diligence System to forest resources owned or managed by The Organization; such failure consist major non-conformity.~~
- ~~c) Failure to fulfil a responsibility at the operational level, such as administration, internal inspection, record keeping, conducting internal verification, or the use of claims for FSC Controlled Wood;~~
- ~~d) Failure of The Organization to ensure that its suppliers have taken corrective action(s) determined by The Organization in order to ensure The Organization's conformance with the standard FSC-STD-40-005;~~
- ~~e) Lack of information on the supply area at the required scale that is to be included in the certification report;~~
- ~~f) Absence of documentation that demonstrates the origin of each supply;~~
- ~~g) The use of risk designations other than approved National Risk Assessments, when they exist;~~
- ~~h) Failure of The Organization to demonstrate that an Interim Risk Assessment has been conducted in accordance with the requirements of FSC-PRO-60-002a FSC National Risk Assessment Framework;~~
- ~~i) Evidence that The Organization has manipulated information used in a risk assessment in order to support a low risk designation.~~
~~NOTE: This includes consideration of the feedback received from stakeholders on the risk assessment.~~
- ~~j) Missing or incomplete Interim Risk Assessment(s) and/or references to relevant National Risk Assessments;~~

- ~~k) Failure to submit the Interim Risk Assessment to the certification body when required;~~
- ~~l) Use of Controlled Wood originating from unassessed areas without the certification body's approval of the Interim Risk Assessment;~~
- ~~m) Failure to establish and implement effective Control Measures, including conformance with requirements for minimum outcomes of Control Measures;~~
- ~~n) Absence of or failure to implement a complaint mechanism;~~

~~Failure to assess risk related to mixing material with non-eligible inputs and to avoid such mixing occurring in the non-certified supply chain.~~

~~4.134.6~~ A certificate shall be issued to the organization that has direct management responsibility for the Chain of Custody system under their control.

NOTE: Certification bodies may issue a Chain of Custody certificate that covers more than one site, according to the eligibility criteria specified in FSC-STD-40-003.

~~4.144.7~~ FSC Chain of Custody certificates with ~~the sale of FSC Controlled Wood~~FSC-STD-40-005 in its scope ~~issued by FSC accredited certification bodies~~ shall additionally include the FSC Controlled Wood certification code issued by the certification body, in the form: XXX-CW-##### - where XXX are the initials of the certification body and ##### is a unique six digit number issued by the certification body, which shall be the same as for the corresponding FSC Chain of Custody certificate.

~~4.15~~ 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 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.

~~4.16~~ The certification body shall not issue the FSC Controlled Wood code if there are outstanding major nonconformities to the requirements of FSC-STD-40-005.

~~4.174.8~~ A Chain of Custody certificate may be issued before the organization has taken physical possession of eligible inputs (FSC-certified, FSC Controlled Wood, controlled material or reclaimed material) if the certification body is satisfied that an operational Chain of Custody system is in place.

- a) In such cases, certification bodies shall require that the organization notifies them as soon as eligible input stock is available or the production of FSC-certified material has started;
- b) The certification body shall carry out a (second) site visit or conduct the first surveillance evaluation within three months following receipt of such a notification unless the main evaluation has not resulted in any nonconformity related to the management of critical control points.

~~4.18~~ The certification body shall issue a letter of notification to organizations with certificates that have been expired, terminated, suspended or withdrawn. The notification letter shall include:

- ~~a) A clear statement about the invalid status of the certificate (expired, suspended, withdrawn or terminated);~~
- ~~b) The date from which the invalid status of the certificate is official;~~
- ~~c) In the case of terminated, suspended or withdrawn certificates, the rationale supporting the invalid status of the certificate which shall include,~~

but is not limited to, the details of the breach of the certification contract and the demonstration of non-conformities with the applicable certification requirements;

- d) ~~The requirement to withdraw all uses of the FSC Trademarks;~~
- e) ~~In the case of an expired, terminated, suspended or withdrawn sFSC Controlled Wood certification, the requirement to stop making FSC Controlled Wood claims and/or using controlled material in any FSC products;~~
- f) ~~In the case of suspended certificates, the information that the maximum duration of suspension is twelve (12) months and after this period, the certificate will be withdrawn;~~
- g) ~~A statement requiring The Organization to acknowledge receipt of the letter of notification in writing.~~

4.19 ~~The certification body shall keep evidence that The Organization has received the letter of notification as required in 4.916. g) (E.g. Organization's written acknowledgement of receipt, delivery receipt from the mail service).~~

DRAFT

PART II: Evaluating organizations against specific requirements

5 Evaluation of Controlled Wood Requirements according to FSC-STD-40-005 V2-1

- 5.1 Certification bodies shall evaluate if the Organization's verification program has been implemented in accordance to all applicable certification requirements ~~in its currently valid version~~ and any additional guidance provided or approved by FSC Policy and Standards Unit.
- 5.2 The certification body shall evaluate the risks associated with sourcing wood from unacceptable sources within the sourcing areas of the organization under evaluation. The certification body shall verify that the organization's procedures actively and effectively avoid wood from unacceptable sources being sourced as controlled material, and that the procedures developed by organization are adequate based on the size and risk of the ~~supply area(s)~~ district of origin.
- 5.3 The certification body shall verify that the organization has a robust system for demonstrating the district of origin of controlled ~~wood~~ material and the authenticity of the documentation to prove the district of origin.
- 5.4 The certification body shall verify that the controlled material can be tracked to the district of origin.

Evaluation of organization risk assessments

- 5.5 The certification body shall evaluate the organization's risk assessment results to confirm that the risk designation is adequate and properly justified.
- 5.6 The certification body shall assess if the results of the organization's risk assessment are consistent with the information publicly available at the FSC Global RiskForest Registry related to the five FSC Controlled Wood categories. In cases where the organization classifies sourcing areas differently from the risk category indicated in the FSC Global RiskForest Registry, the certification body shall ensure that the organization's classification is clearly justified and evidenced.
- 5.7 The certification body shall ensure that the latest version of the public summary of the organization's risk assessment is available on the FSC database within seven (7) business days of the issuing of the respective FSC Controlled Wood certification code or approving a new or updated risk assessment.

Evaluation of the organization's verification program for wood supplies from sources designated as 'unspecified risk'

- 5.8 The organization can hire any external organization to conduct the supplier verification of unspecified risk sources (according to Annex 3 of FSC-STD-40-005 V2-1), excluding its own certification body.
- 5.9 Where ~~companies the organization~~ conducts ~~its~~ their own field verification of suppliers of wood from unspecified risk sources, the certification body may opt to conduct their field audits in coincidence with the field verification audits by the company.
- 5.10 The certification body shall verify that the staff and/or organization responsible for the implementation of the organization's verification program for unspecified risk sources are qualified for this function.

- 5.11 For each of the FSC Controlled Wood categories classified as unspecified risk, the certification body shall conduct field audits at the forest management unit (FMU) level to evaluate suppliers' conformance to the applicable requirements ~~of the normative FSC Controlled Wood Framework.~~
- 5.12 The certification body shall calculate the minimum number of FMUs for evaluation as follows: For each set of 'like' FMUs (x) included in the organization's field verification program, the certification body shall select as a minimum (y) 0.8 times the square root ($y=0.8 \sqrt{x}$) rounded to the upper whole number, where "x" is the sample of organization's suppliers calculated according to Annex 3, Clause 1.8 of FSC-STD-40-005 V2-1.
- 5.13 The annual sampling pool for certification bodies shall include a maximum of 50% of the FMUs that ~~the company~~ the organization has visited in the current evaluation cycle as part of their ~~company~~ verification program. The certification body shall verify and use organization's classification of FMUs included in the organization's verification program as sets of 'like' FMUs for the purpose of sampling. The sets shall be selected to minimize variability within each set in terms of:
- Forest type (e.g. natural forest, plantation);
 - Geographical location (District);
 - Size of operation (e.g. SLIMF).
- 5.14 If another FSC accredited certification body conducted a field visit to an FMU as part of ~~the company~~ the organization's verification program, that site can be excluded from the sample.

6 Evaluation of Controlled Wood requirements according to FSC-STD-40-005 V3-0

Stakeholder consultation

- 6.1 The certification body shall conduct stakeholder consultation that is adequate to the size and scale of the Due Diligence System (DDS) of the organization to verify its conformance with applicable requirements, based on the following:

- The certification body shall identify directly affected and interested stakeholders who are relevant for the scope of the DDS (including activities of the organization and its suppliers⁵), as well as to risk identified through the DDS. This includes representation of stakeholder groups as provided in Box 2.

NOTE: Consultation can only be conducted based on voluntarily engagement of those among identified stakeholders who are interested in participating.

- Identified stakeholders shall be invited to participate in the consultation and be provided with access to information as required in Section 6 of FSC-STD-40-005 V3-0 at least six (6) weeks prior to the evaluation. Invitation of relevant FSC Network Partners is mandatory;

⁵ When a supplier is mentioned in this standard in relation to Controlled Wood evaluations, it includes both suppliers and sub-suppliers as defined in FSC-STD-40-005 V3-0.

- c) The certification body shall employ effective and culturally appropriate means to inform stakeholders (See Box 2);
- d) Stakeholders shall be asked for consent to the publication of their comments.
- e) Stakeholders have the opportunity to comment in confidence;
- f) Information provided by stakeholders should whenever possible be independently corroborated using a second source or be confirmed by the certification body's observations;
- g) Information and comments provided by stakeholders shall be evaluated objectively and meaningfully, and affect the certification decision only in so far as they provide evidence of conformity or nonconformity with the applicable requirements;
- h) Within thirty (30) days of making the certification decision, the certification body shall respond to all stakeholders who participated in the consultation process and explain how their comments were taken into account;
- i) The certification body shall maintain records of the consultation process, including a list of the stakeholders identified, stakeholders who participated in the consultation and their comments, as well as evidence that the consultation was carried out in line with the requirements of this standard.

Box 2: Stakeholder groups to be consulted (Informative guidance)

Stakeholders representing the interests listed below, that are relevant to Organization's operation and identified risk, should be identified and notified during the consultation process. Each group specified may be represented by an unlimited number of representatives, subject to balanced consideration of the input received during the consultation.

- 1 Economic interests
 - a) Forest owners and/or managers of large, medium and small forests, and high, medium, and low-intensity managed forests;
 - b) Forest contractors (including loggers);
 - c) Representatives of forest workers and forest industries;
 - d) Certificate holders.
- 2 Social interests
 - a) NGOs involved or with an interest in social aspects of forest management and other related operations;
 - b) Forest workers;
 - c) International, national and local trade/labour unions;
 - d) Representatives of local communities involved or with an interest in forest management, including those relevant for HCVs 5 and 6;
 - e) Representatives of Indigenous Peoples and/or traditional peoples (if present and/or holding rights), including those relevant for HCVs 5 and 6;
 - f) Representatives of recreational interests.
- 3 Environmental interests
 - a) NGOs involved or with an interest in the environmental aspects of forest management. Consultation should target the following areas of interest and expertise:
 - Biological diversity
 - Water and soil
 - HCVs 1-4
 - b) Local communities and Indigenous Peoples' representatives (HCVs 5 and 6).
- 4 FSC-accredited certification bodies active in the country
- 5 National and state forest agencies
- 6 Experts with expertise in controlled wood categories
- 7 Research institutions and universities
- 8 FSC regional offices, FSC network partners, registered standard development groups and NRA working groups in the region.

Notification techniques may include: announcement via certification body's website; face to face meetings; personal contacts by phone, email, or letter; notice published in the national and/or local press and on relevant websites; local radio announcements, announcements on local customary notice boards, and/or email communication in English, Spanish or in the local language.

Examples of consultation techniques include: arrangements for individual or group meetings, structured interview by telephone, communication by mail or e-mail with a request for written comments on a predetermined set of specific questions.

Evaluation of the organization's Due Diligence System

General requirements

- 6.2 The certification body shall design and implement a system for evaluation of the DDS in terms of its relevance, effectiveness and adequacy, according to the scope and scale of the organization's operation. The system shall specify means of verification of risk assessments and Control Measures established

by the organization with a justification of their adequacy. These shall include, but are not limited to:

- a) Evaluation of a risk assessment conducted by the organization by a member of auditor team qualified for controlled wood evaluations;
 - b) Mechanism for verification of risk designations against provided and available sources of information, and applicable requirements;
 - c) Field verification (including audits at forest level), of a scope and sampling pool relevant for the DDS under evaluation;
 - d) Facilitating feedback from stakeholder consultation in order to obtain most relevant information;
 - e) Corroborating evidence provided by the organization with independent sources when possible.
- 6.3 The certification body shall evaluate whether the Due Diligence System has been implemented in accordance with all applicable requirements and any additional guidance provided or approved by the FSC Policy and Standards Unit.
- 6.4 The certification body shall verify whether the organization is sourcing from supply units under its ownership or management through the DDS, and whether sourcing is legitimate.
- 6.5 All records used for evaluation of the DDS shall be sampled at random. When selecting documents for sampling, the certification body shall not be guided or influenced by staff of the organization.
- 6.6 The certification body shall verify whether information on material and supply chains allows to:
- a) Confirm the origin of the material;
 - b) Conduct robust risk assessment related to origin;
 - c) Conduct robust risk assessment related to mixing material with non-eligible inputs in supply chains;
 - d) Develop and implement adequate control measures;
 - e) Review and if necessary, revise the DDS to ensure its relevance, effectiveness or adequacy.
- NOTE: This includes verification whether the organization has enforced its suppliers to notify of any changes affecting risk designation or mitigation.
- 6.7 The certification body shall not accept information or documentation that only consist a declaration of conformity by the organization and/or suppliers as single evidence of organization's conformity with the applicable FSC standards.

Evaluation of risk assessments

Risk assessment related to origin

- 6.8 The certification body shall verify correct use of applicable risk assessments.
- 6.9 The certification body may extend period during which the organization shall adapt the DDS to approved FSC risk assessments for a single exceptional extension of up to two (2) months, when justified by circumstances beyond the control of the organization. The certification body shall take the following steps:
- a) Record such circumstances;
 - b) Update the public summary of the certification report within seven (7) days of granting the extension;

NOTE: Justifiable circumstances for an extension exclude problems in planning or scheduling activities in the scope of the DDS.

- 6.10 The certification body shall verify whether the risk assessment conducted by the organization and risk designation are adequate and justified, including whether:

6.10.1 In case of simplified and extended risk assessments:

- a) The risk assessment follows all applicable requirements;
- b) The sources of information used are independent, objective and sufficient to justify risk designation;
- c) The scale of the assessment is adequate to supply area(s);
- d) The risk designation is verifiable based on sources used in the risk assessment and justified;
- e) Experts used to conduct the risk assessment meet qualification requirements in Annex C of FSC-STD-40-005.

6.10.2 In case of extended risk assessment:

- a) The risk specification includes enough information to allow the development of adequate Control Measures;
- b) Consultations with experts have been conducted as required;
- c) Joint risk assessment is managed as required;

6.10.3 In case of simplified risk assessment:

- a) Risk assessment is consistent with the information publicly available at the FSC Global Forest Registry. In cases where the organization designates risk differently than in the FSC Global Forest Registry, the certification body shall ensure that risk designation is justified and evidenced by using other independent and objective sources of information.

- 6.11 The certification body shall verify whether the organization has verified the continued correctness and relevance of its risk assessment, including:
- a) Review, and if necessary, revision of the risk assessment;
 - b) Using material originating from FSC certified management units located in low risk areas that lose their certified status due to suspension.
- 6.12 The certification body shall approve risk assessment conducted by the organization for its supply area, and/or extended to new supply areas if the risk assessment process, and risk designation meet the applicable requirements.
- 6.13 The certification body shall notify the FSC Supply Chain Integrity Manager (fiber-testing@fsc.org) about participation of the organization in FSC Fiber Testing Program, when applicable.
- 6.14 In cases where the certification body establishes that the results of a risk assessment and/or Control Measures for the same type of risk by one of their clients contradict the result of a risk assessment and/or Control Measures for the same type of risk of another Organization for the same area, the certification body shall obtain clarification from ASI.
- NOTE: It is strongly recommended to consult previously published risk assessments (FSC database) in order to identify potential conflicts related to different risk designations.
- 6.15 In the case the certification body receives comments or complaints about FSC risk assessments, the certification body shall forward them to the responsible body (for an NRA, as indicated in the NRA, for the CNRA, FSC).

Risk assessment related to mixing material

- 6.16 The certification body shall verify whether risk assessment of risk related to mixing with non-eligible inputs during transport and storage before reaching the organization is adequate to the scope of the DDS, and justified.

Evaluation of risk mitigation

- 6.17 The certification body shall verify the implementation of Control Measures, including:
- a) Minimum requirements according to Clauses 4.10 and 4.11 of FSC-STD-40-005;
 - b) Implementation of mandatory Control Measures provided in relevant National Risk Assessment;
 - c) Whether applicable approved Controlled Wood documents listed in FSC-PRO-60-002b List of FSC Approved Controlled Wood Documents were used;
 - d) Whether the organization has used the opinion of at least one expert to justify the adequacy of Control Measures for Controlled Wood categories 2 and 3;
 - e) Whether the organization has conducted stakeholder consultation according to the requirements of FSC-STD-40-005 in case of:

- i) Unspecified risk designated for Controlled Wood categories 2 and 3; and/or
 - ii) Conducted as Control Measure for other risks; and/or
 - iii) Conducted to verify adequacy of Control Measures.
 - f) Implementation of Control Measures at the level of supplier(s);
- 6.18 The certification body shall verify adequacy of Control Measures established by the organization. This shall include:
- a) Verification of a sample of each type of Control Measure for each type of risk identified in the DDS. The sampling rate shall be established and justified by the certification body according to the scope of the DDS.
- NOTE: If the organization has established field verification at the level of supply unit as a Control Measure, this will force at minimum, a field verification of a sample of supply units by the certification body (audits at forest level). If the organization has established a stakeholder consultation as a Control Measure, this will force at minimum, a verification of sample records from the consultation, etc.
- b) Comparison with examples of control measures provided in Annex E in FSC-STD-40-005 in terms of rigorousness;
 - c) Results of internal and external audits by the organization;
 - d) Comments from stakeholder consultation;
 - e) Comments, complains and appeals received by the certification body;
 - f) Process of review and revision of the DDS by the organization.
- 6.19 In case the organization has replaced mandatory Control Measures provided in relevant National Risk Assessment, the certification body shall:
- a) Approve Control Measures alternative to mandatory Control Measures provided in the relevant NRA(s) if conditions specified in FSC-STD-40-005 are met;
 - b) Verify whether the organization has forwarded a description of the alternative Control Measures to the body responsible for NRA maintenance.
- 6.20 In cases where the organization has identified that legal requirements may be in conflict with adequate Control Measures, the certification body shall approve such Control Measures before they are implemented.

NOTE—4: Conflicts only occur where a legal obligation prevents the implementation of FSC requirements. It is not considered a conflict if Control Measures exceed the minimum requirements for legal compliance.

7 Evaluation of Group and Multi-site Chain of Custody certificates

NOTE FOR STAKEHOLDERS: This section includes draft requirements for the evaluation of multi-site certificates that have cross-site credit accounts in the scope of the certificate. The implementation of this change in the accreditation standard is conditioned to the FSC Board approval of cross-site credits accounts in the revised FSC-STD-40-004 V3-0.

- 7.1 At each evaluation, the certification body shall evaluate the ability of the Central Office to manage the number of Participating Sites of the certificate and approve an annual growth rate up to a limit of 100% based on the number of Participating Sites at the time of the evaluation. Where a certificate has twenty (20) or fewer Participating Sites at the time of the main evaluation, the certification body may approve a growth rate higher than 100%, based on the demonstrated capacity of the Central Office to manage a higher number of Participating Sites.
- 7.2 If the Central Office wants to increase the number of Participating Sites in the certificate scope beyond the approved annual growth rate, the certification body shall audit the Central Office and a sample of the new sites according to Clause 6.7.5 b) before the growth resumes.
- 7.3 In the audit for inclusion of new Participating Sites, the certification body shall establish a new growth limit for the period between the expansion of scope audit and the next certification body's evaluation.
- 7.4 New Participating Sites added to the certificate scope shall only be considered certified after the certification body has added the new sites to the FSC database of registered certificates. Certification bodies shall enter new sites into the database within one (1) week from the date of receipt of the Central Office's audit report.

NOTE: Certification bodies are not required to revise and approve the Central Office's audit reports.

- 7.5 The certification body shall select a sample of the Participating Sites for evaluation of conformance to the applicable FSC normative documents. The certification body shall divide the Participating Sites into two (2) sets of sites: Normal Risk Participating Sites and High Risk Participating Sites (see Terms and Definitions), which shall be sampled separately by using the following formula:

- a) For main evaluations, surveillance evaluations and re-evaluations:

$Y = R \sqrt{X}$, where:

Y = Number of Participating Sites to be audited by the certification body (rounded to the upper whole number)

R = Risk Index (see Table A)

X = Total number of Normal Risk or High Risk Participating Sites

NOTE: In the case of surveillance evaluations, Participating Sites which have not had any FSC activity according to Clause 3.3 since the previous certification body evaluation do not need to be included in the population of sites (value "X" in the sample equation) from which the sample is drawn.

- b) For the inclusion of new Participating Sites (beyond the approved annual growth rate):

$Y = R \sqrt{N}$, where:

Y = Number of Participating Sites to be audited by the certification body (rounded to the upper whole number)

R = Risk Index (see Table A)

N = Number of new Normal Risk or High Risk Participating Sites to be added to the certificate scope

Table A. Matrix for determination of R (Risk Index)

Note: The R (Risk Index) is obtained by summing-up the scores given to the Group or Multi-site certificate under evaluation.

RISK FACTORS		Score	Score Given
Ownership	All Participating Sites have common ownership	0.1	
	Participating Sites do not have common ownership	0.2	
Certificate Size	0 – 20 Participating Sites	0.2	
	21 – 100 Participating Sites	0.3	
	101 - 250 Participating Sites	0.4	
	251 - 400 Participating Sites	0.5	
	> 400 Participating Sites	0.6	
Central Office's Performance	No CAR issued to the Central Office in the previous evaluation	0.1	
	Not applicable (there was no previous evaluation)	0.1	
	Only minor Corrective Action Requests in the previous evaluation	0.2	
	1-2 Major Corrective Action Requests in the previous evaluation	0.3	
	3 or more Major Corrective Action Requests in the previous evaluation	0.4	
Audit Type	Annual surveillance evaluation	0.1	
	Re-evaluation	0.2	
	Main evaluation	0.3	
	Audit for inclusion of new Participating Sites in the certificate	0.3	
Complexity	<u>The organization implements cross-site credits account</u>	0.2	
TOTAL (R = sum of the scores given)			Σ

7.6 If new Participating Sites are being added to the scope of a Multi-site or Group certificate by the time of a surveillance evaluation or re-evaluation, they shall be considered as an independent set for the determination of the sample size, to be sampled according to the requirements detailed in Clause 7.6.5 b. After inclusion of new Participating Sites in the certificate scope, the new Participating Sites shall be added to the existing ones for determining the sample size for future surveillance evaluations or re-evaluations.

7.7 The certification body shall select specific Participating Sites to achieve the required sample number for evaluation. In the selection process the certification body shall include randomly selected sites and shall ensure that the overall sample selected is representative of the Multi-site or Group under evaluation and covers the widest possible range in terms of:

- a) Geographic distribution;
- b) Activities and/or products produced;

- c) Size of Participating Sites (size may be determined by the number of employees, production volumes and/or annual turnover of forest product sales);
 - d) Other criteria, as deemed relevant by the certification body.
- 7.8 The certification body shall avoid visiting the same Participating Sites in consecutive audits, unless there are clear and justified reasons for it. (e.g. this is deemed necessary for the evaluation of Corrective Action Requests or complaints received about the organization, the organization implements cross-site credit account).

- 7.9 In the case of organizations that have cross-site credit accounts, the certification body shall include in the annual sampling at least one site that participates in the cross-site account for physical inspection. The Central Office shall be audited by the certification body in each evaluation in addition to the selected Participating Sites.

NOTE: In exceptional cases the Central Office's representative may take all of the relevant required documentation, reports, records and manuals to a location other than the organization's office for review by the auditor, provided that this does not affect the quality of the assessment of this material and the organization's Chain of Custody control systems.

- 7.10 For surveillance evaluations of Group and Multi-site certificates, the certification body shall review and assess:
- a) The list of Participating Sites;
 - b) The rate of change of Participating Sites (new sites, sites that have left the certificate);
 - c) The capacity of the Central Office's management system to manage any change in scope of the certificate including any increase in size, number or complexity of operational sites within the scope of the certificate;
 - d) Formal communication / written documents sent to Participating Sites by the organization since the previous certification body surveillance;
 - e) Records of Central Office's audits;
 - f) Records of any Corrective Action Requests issued by the Central Office, including follow-up and close-out evidence;
 - g) Cross-site credit account.

NOTE: Documentation and records covering the period since the previous evaluation may be submitted to the certification body for review prior to a site visit.

8 Evaluation of Supplier Audit Program for reclaimed materials

- 8.1 For organizations or Participating Sites that have a Supplier Audit Program, the certification body shall carry out annual on-site verification audits of the supplier sites, unless the organization's supplier audits had been carried out by (other) FSC accredited certification bodies. The certification body shall select for evaluation as a minimum $(y) 0.8$ times the square root $(y=0.8 \sqrt{x})$ rounded to the upper whole number, where "x" is the number of suppliers audited by the Participating Site in the current evaluation period (according to Clause 4.1 of FSC-STD-40-007 V2-0).

NOTE: For Group and Multi-site certificates, the calculation of the supplier audit sampling shall be conducted at the Participating Site level.

NOTE: Certification Bodies are not required to audit the same sites audited by the Participating Sites in the current evaluation period.

9 Evaluation of contractors operating under outsourcing agreements

9.1 The certification body shall monitor the Chain of Custody system applied throughout outsourcing arrangements to ensure conformance to all applicable requirements of the FSC normative documents. The certification body shall confirm that the risks associated with mixing, substitution or false claims by the organization or the contractor are controlled.

9.2 The certification body shall conduct a risk assessment of the Chain of Custody control system used during outsourcing activities performed off-site from the certified organization or Participating Site. An outsourcing arrangement with a certified or not-certified contractor shall be classified as 'high risk' if any of the following indicators apply:

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

NOTE: Even in cases that are not considered 'high risk' as per the indicators above, the certification body may require on-site audits at contractor's facilities if any risk of improper additions or mixing by the contractor is identified.

9.3 Even when one or more of the above high risk indicators apply to the outsourced activity, the certification body may approve the low risk categorization if a low risk of contamination may be demonstrated through any of the following indicators:

- a) The product is permanently labelled or marked in a way that the contractor cannot alter or exchange products (e.g. heat brand, printed materials);
- b) The product is palletized, or otherwise maintained as a secure unit that is not broken apart during outsourcing;
- c) There is no risk of contamination (e.g. intentional or accidental mixing FSC certified materials/products with non-FSC eligible materials/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.

9.4 For high risk situations, the certification body shall undertake as part of its evaluation (main evaluation, surveillance evaluation and re-evaluation) a physical inspection of a sample of contractors to be included in outsourced processes or activities in the scope of the organization's Chain of Custody certificate according to the sampling criteria specified in Clause 89.5.6. In the case of Multi-site or Group certificates, selection of contractors shall be coordinated with the selection of the Participating Sites which have been sampled for evaluation of conformance to the FSC Chain of Custody standards.

NOTE: For Group and Multi-site certificates, the calculation of the contractors sampling shall be conducted at the Participating Site level.

9.5 If the organization wants to include new high risk contractors in its certificate scope in the period between the certification body evaluations, the certification body shall conduct an expansion of scope evaluation and conduct a physical inspection of a sample of the new contractors according to the sampling criteria specified in Clause 89.5.6.

9.6 The sampling number (y) shall be at a minimum the square root of the number of high risk contractors (x), rounded to the next whole number: $y=\sqrt{x}$

NOTE: Contractors that hold their own FSC Chain of Custody certificate for the outsourced process and contractors that did not provide outsourcing services to the organization since the last certification body's evaluation do not need to be evaluated by the contracting party's certification body and therefore do not add to the number of contractors (x) in the formula above.

9.7 The certification body shall evaluate records of material inputs, outputs and transport documentation associated with material used in the manufacture of FSC-certified products during outsourcing.

PART III: Chain of Custody evaluation reports

10 Reporting requirements

10.1 The certification body shall document its evaluation findings and conclusions in a report according to the requirements specified in this standard, regardless of whether or not a FSC Chain of Custody certificate is issued. Evaluation reports shall be brought to the attention of the organization and shall include at least the information specified in Table C below.

NOTE: The order of presenting information may be determined by the certification body.

10.2 Chain of Custody reports may be written in any language at the convenience of clients and the requirements of the certification body's decision making entity.

10.3 FSC and ASI reserves the right to request a translation of any Chain of Custody report into one of the official languages of FSC, at the expense of the certification body, in order to assess implementation of FSC requirements.

10.4 Data presented in the reports shall be in metric system units, or the conversion rates used to convert data from other units to metric system units shall be provided, together with any assumptions made in order to make conversion possible.

Table C. Minimum content of evaluation reports

Item	Minimum content required
1. Cover page	<ul style="list-style-type: none">a) The name, contact details and website address of the certification body.b) The date (day, month and year) of the report.c) Type of evaluation (e.g. Main evaluation).d) The name, address and contact details of the organization and contact person.e) The FSC Chain of Custody certification code.f) The FSC Controlled Wood certification code (if applicable).g) The date of issue of the FSC Chain of Custody certificate.
2. Certificate scope information ⁶	<ul style="list-style-type: none">a) Certificate Type: Single, Group or Multi-site Chain of Custody.b) Product Groups.<u>c)</u> Control system used for making FSC Claims (Transfer, Percentage or Credit System).

⁶ Certification Bodies are required to enter and maintain up-to-date information on the certificate scope information at the FSC Database of certificates.

	<p>e)d) Additional <u>FSC Standards implemented applicable to the scope of the certificate (e.g. FSC-STD-40-005, FSC-STD-40-007).</u></p> <p>e)e) For each site (or Participating Site) within the scope of the certificate:</p> <ol style="list-style-type: none"> i. Name of the organization; ii. Address; iii. The site activity (e.g. primary processor, secondary processor, trader, printer, retailer); iv. The size class of the site in terms of annual turnover, as specified in the latest version of FSC-POL-20-005; v. For Group and Multi-site certificates, the identifier/sub-code assigned to each Participating Site.
<p>3. Scope of the evaluation</p>	<ol style="list-style-type: none"> a) The evaluation date(s). b) Name(s) and qualification of certification body auditors. c) Total on-site auditing time. d) Reference to the FSC normative documents used, including the version number. <p>NOTE: In the case of formal FSC pilot tests of draft normative documents, the certification body shall specify the name and reference number of the draft documents and include the version of the draft document against which a certificate was issued as an annex to the report.</p> <ol style="list-style-type: none"> e) Where applicable, description of any changes to the scope of the certificate, including new Chain of Custody operations or Participating Sites, and changes in business activities.
<p>4. Evaluation findings</p>	<ol style="list-style-type: none"> a) A brief description of the system by which the organization maintains control over the Chain of Custody for all products included on the organization's FSC product group list, covering: <ol style="list-style-type: none"> i. Quality <u>mManagement system requirements</u>; ii. Material sourcing; iii. Material receipt and storage; iv. Volume control and the applied system for controlling FSC claims (transfer, percentage, and/or credit system);

	<ul style="list-style-type: none"> v. Sales and delivery; vi. Labelling (if applicable); vii. Outsourcing arrangements. <p>b) Description of the identified critical control points.</p> <p>c) Systematic presentation of findings demonstrating conformity or nonconformity to each element of all applicable FSC normative document(s) used for the evaluation (e.g. FSC-STD-40-004, FSC-STD-40-005, etc.).</p> <p>NOTE: The audit findings shall be presented separately for each Participating Site evaluated in the case of Multi-site and Group evaluations.</p> <p>d) Description and review of any complaints, disputes or allegations of nonconformities received by the organization and/or the certification body.</p> <p>e) Corrective action requests (CARs) issued to the organization as result of the current evaluation, including its specification as major or minor CAR, timelines for conformance, status (open or closed), description of the nonconformity to which the CAR is based. Where applicable, the report shall also include a systematic evaluation of the organization's conformity to CARs issued by the certification body in the previous evaluation.</p> <p>f) For main evaluations and re-evaluations, the certification decision.</p> <p>g) Information on FSC certified volumes <u>since the previous evaluation based on the organization's volume summary:</u></p> <ul style="list-style-type: none"> i. Total FSC input volumes; ii. Total FSC production volumes; iii. Total FSC sales.
5. Outsourcing	<ul style="list-style-type: none"> a) Name and contact details of contractors covered by the scope of certificate. b) Description of the outsourced processes (e.g. planning, storage, drying). c) Classification and brief description of the identified risk of the outsourced activity (according to Clause <u>89.1)2</u>. d) In the case of high risk outsourcing, the report shall include:

	<ul style="list-style-type: none"> i. A list of contractors audited by the certification body; ii. A brief description of the certification body's evaluation of records of material inputs, outputs and transport documentation associated with material used in the manufacture of FSC-certified products during outsourcing.
6. Evaluation of Controlled Wood requirements against FSC-STD-40-005 V2-1	<ul style="list-style-type: none"> a) A brief description of the organization's controlled wood verification program. b) A brief description of the system by which the organization assessed the level of risk of their suppliers, including definition of districts of origin and sources of information. c) Where applicable, a list of suppliers evaluated by the certification body and a brief description of the certification body's field evaluation of organization's suppliers for unspecified risk sources.
7. <u>Evaluation of Controlled Wood requirements against FSC-STD-40-005 V3-0</u>	<ul style="list-style-type: none"> a) <u>A description of the Due Diligence System, including supplier structure for each participating site:</u> <ul style="list-style-type: none"> - <u>The exact number of suppliers and approximate or exact number of sub-suppliers,</u> - <u>Supplier type: e.g. primary, secondary,</u> - <u>The average length of the non-FSC certified supply chains and risk of mixing with non-eligible inputs;</u> b) <u>References to, or information made publically available by the organization (According to Section 6 of FSC-STD-40-005). This information shall be available for the period of validity of the certificate;</u> c) <u>The information about who has developed DDS or its elements, including whether the DDS was developed by an external party;</u> d) <u>A brief description of the certification body's findings related to the DDS (including obtaining information, risk assessment and risk mitigation);</u> e) <u>Means of verification of risk assessment and adequacy of Control Measures;</u> f) <u>A summary of findings from field verification (including audits at the forest level) with justification for the sampling rate applied in any type of field verification of the DDS;</u>

	<p>g) <u>A summary of stakeholder consultation conducted by the certification body, including:</u></p> <ul style="list-style-type: none"> - <u>Geographical areas for which stakeholder consultation was conducted (e.g. geo-reference data, state, province, supply units),</u> - <u>List of stakeholders invited by the certification body to participate in the consultation (identified per stakeholder group),</u> - <u>Summary of the stakeholder comments received. Comments shall only be published with prior consent from the consulted stakeholder and not associated with stakeholder names;</u> - <u>Description of how the certification body has taken stakeholder comments into account.</u>
8. Group and Multi-site evaluations ⁷⁵	<p>a) A general description of how the Chain of Custody is controlled at the Group or Multi-site level.</p> <p>b) A detailed summary of the certification body sampling process, including:</p> <ul style="list-style-type: none"> i. The calculation of the number of Participating Sites sampled for the audit, according to the sampling methodology presented in this standard; ii. The names of the Participating Sites audited by the certification body. <p>c) An explicit statement as to the annual growth limits of the Group or Multi-site certificate that the certification body has specified.</p>
9. Evaluation of Supplier Audit Program for reclaimed materials ⁷⁵	<p>a) A brief description of the organization's verification program for reclaimed materials.</p> <p>b) A list with the name(s), contact details of the suppliers evaluated by the certification body.</p> <p>c) A brief description of the certification body's field evaluation of each supplier.</p>
10. Annexes	<p>a) Annexes may include any additional information which supports or confirms the findings or recommendations of the auditor (e.g. photos, copies of invoices, bills of lading, etc).</p>

⁷ These requirements apply in addition to the checklists with the evaluation of The Organization's conformance to all applicable requirements of the relevant FSC normative documents.

11 Public certification summary for Controlled Wood evaluations according to FSC-STD-40-005 V3-0

11.1 The certification body shall publish a certification summary for the Controlled Wood evaluation on the FSC database upon registration of the certification status.

NOTE 1: Including confidential information is not required.

NOTE 2: The certification summary should be short and concise.

11.2 The certification summary shall include at minimum the contents of the evaluation report relevant to the Controlled Wood evaluation (see Table C, point 6).

11.2.1 The certification body shall evaluate justification for excluding confidential information provided by the organization (See Clause 6.2 d) in FSC-STD-40-005) in a restrictive way, taking into account business sensitivity of the information, applicable legislation and the public interest served by disclosure.

11.2.2 Additionally, the certification summary shall include:

a) A clear statement that the organization has been certified by the certification body as meeting the requirements of the standard FSC-STD-40-005, the date of certification, and the expiry date of the certificate;

b) A list of all nonconformities that the organization is required to correct in order to maintain its certification, including the time period within which corrective actions shall be made.

11.3 When the certification body approves a new or updated risk assessment conducted by the organization, certification summary shall be updated with the risk assessment within seven (7) days of approval.

11.4 Certification summary shall be made available in:

a) English or Spanish for certificates that cover a total supply area of more than 50,000 ha in the scope, *and*

b) Where material is sourced from specified or unspecified risk areas, at least one of the official languages of the country in which the supply area is located, or the most widely spoken language of the indigenous people in the supply area.

NOTE: FSC and ASI reserve the right to request a translation of any certification summary according to 10.4 b into one of the official languages of FSC, at the expense of the certification body.

11.5 In the case of surveillance evaluations, the public certification summary shall include at least the following information:

- a) The date of the surveillance evaluation;
- b) A description of any significant changes in the DDS;
- c) A description of the actions taken by the organization to correct any nonconformities identified during previous evaluations, or subsequently;
- d) The certification body's conclusions as to whether the actions taken result in conformity with the applicable requirements, if not, whether the remaining nonconformities are considered 'minor' or 'major' nonconformities;
- e) A description of any further nonconformities identified as result of the surveillance evaluation and conditions to correct all identified nonconformities;
- f) The summary of stakeholder consultation;
- g) The updated certification decision.

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