



Forest Stewardship Council®



# Chain of Custody Certification

FSC-STD-40-004 V3-0



Title: Chain of Custody Certification

Document code: FSC-STD-40-004 V3-0

Approval: 16 November 2016

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

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

## Introduction

The FSC chain of custody (CoC) is the path taken by products from the forest, or in the case of recycled materials from the moment when the material is reclaimed, to the point where the product is sold with an FSC claim and/or it is finished and FSC labelled. The CoC includes each stage of sourcing, processing, trading, and distribution where progress to the next stage of the supply chain involves a change of product ownership.

Any change of ownership in the supply chain of FSC-certified products requires the establishment of effective CoC management systems at the level of the respective organization and their verification by an independent FSC-accredited certification body, if the organization wants to make an FSC claim about their products.

FSC certification of such management systems is designed to provide a credible assurance that products which are sold with an FSC claim originate from well-managed forests, controlled sources, reclaimed materials, or a mixture of these. FSC CoC certification thereby facilitates the transparent flow of goods made from such materials through the supply chain.

## Version History

- V1-0** In September 2004, the FSC Board of Directors endorsed the initial version of “FSC-STD-40-004 V1-0: FSC CoC standard for companies supplying and manufacturing FSC-certified products”.
- V2-0** This major review of the standard introduced new concepts in CoC, such as product groups and the credit system. It took into account the various recommendations from the three technical working group meetings held between October 2005 and February 2007, as well as stakeholder inputs obtained on the various public drafts and on the FSC discussion paper “FSC-DIS-01-013: Review and revision of the FSC CoC standard”. The V2-0 was approved by the FSC Board of Directors at their 46th meeting, November 2007.
- V2-1** This minor standard review introduced new requirements into the FSC CoC regarding the certificate holder’s commitment to FSC values and occupational health and safety. This document version was approved by the FSC Policy Director on 01st October 2011.
- V3-0** This major review of the standard took into account five motions from the FSC General Assembly 2011 (Motions 38, 43, 44, 45, and 46), as well as studies commissioned by FSC International on cross-site credits methodology, supply chain integrity, and options for best valuing pre-consumer reclaimed materials in the FSC system. This document version was approved by the FSC Board of Directors at their 73rd meeting, November 2016.

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## A Objective

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

## B Scope

This is the core standard for FSC CoC certification that specifies the requirements which apply to all CoC-certified and applicant organizations with respect to sourcing, processing, labelling, and sale of forest-based products as FSC certified.

### Box 1. To whom does FSC CoC certification apply?

For a product to be claimed as FSC certified, there must be an unbroken chain of organizations independently certified by FSC-accredited certification bodies covering every change in legal ownership of the product from the certified forest or point of reclamation up to the organization selling it with an FSC claim on sales documents and/or to the point where the product is finished and FSC labelled. CoC certification is therefore required for all organizations in the supply chain of forest-based products that have legal ownership of certified products and perform at least one of the following activities:

- a. sell FSC-certified products with FSC claims on sales documents;
- b. label products as FSC certified;
- c. manufacture or change the composition (e.g. mixing or adding forest-based materials to the product) or physical integrity (e.g. re-packaging, re-labelling) of products sold with FSC claims;
- d. promote FSC-certified products, except finished and FSC-labelled products that may be promoted by non-certificate holders (e.g. retailers) in accordance with FSC-STD-50-002 Requirements for Promotional Use of the FSC Trademarks by Non-Certificate Holders.

**NOTE:** FSC claims are required in cases where subsequent customers want to use the FSC-certified products as input for the manufacturing of other certified products and/or for resale as FSC certified.

CoC certification is not required for organizations providing services to certified organizations without taking legal ownership of the certified products, including:

- a. agents and auction houses arranging the trade of certified products between buyer and seller;
- b. providers of logistics services, transporting and/or temporarily storing or warehousing certified products without changing their composition or physical integrity;
- c. contractors operating under an outsourcing agreement in accordance with Section 12 of this standard.

## **Box 2. Which components of a product need to be certified?**

All forest-based components that have a functional purpose in the product shall conform to CoC control requirements. A component has a functional purpose if the product's function is compromised by the removal of the component. Forest-based components with secondary functions (e.g. for transportation, protection, or dispensing) may be exempt from CoC control requirements.

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

This standard is divided into four parts. Parts I and II cover the universal requirements that are mandatory for all CoC certificate holders. The requirements specified in Parts III and IV apply in accordance with the scope of each certificate.

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

### **C Effective and validity dates**

Approval date	November 2016
Publication date	1 January 2017
Effective date	1 April 2017
Transition period	1 April 2017 – 31 March 2018
Period of validity	Until replaced or withdrawn

**NOTE:** By the end of the transition period, all certificate holders shall have been evaluated against this standard version.

### **D References**

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

The documents listed as complementary standards and other normative documents are relevant for the application of FSC-STD-40-004. For undated references, the latest edition of the referenced document (including any amendments) applies.

**Table A. FSC CoC normative framework**

<b>FSC normative documents applicable to all CoC certificate holders</b>	
FSC-STD-40-004 Chain of Custody Certification FSC-STD-40-004a FSC Product Classification (Addendum to FSC-STD-40-004) FSC-DIR-40-004 FSC Directive on Chain of Custody Certification FSC-POL-01-004 Policy for the Association of Organizations with FSC	
<b>Complementary normative documents (applicable according to the scope of the certificate)</b>	
<b>Activities</b>	<b>Applicable normative documents</b>
Group or multi-site CoC	FSC-STD-40-003 Chain of Custody Certification of Multiple Sites
Sourcing of controlled wood	FSC-STD-40-005 Requirements for Sourcing Controlled Wood FSC-DIR-40-005 FSC Directive on FSC Controlled Wood
Sourcing of reclaimed materials	FSC-STD-40-007 FSC Standard for Use of Reclaimed Material in FSC Product Groups and FSC Certified Projects
FSC trademark use	FSC-STD-50-001 Requirements for Use of the FSC Trademarks by Certificate Holders

**NOTE:** FSC's interpretations of its normative framework are available on the FSC Website ([ic.fsc.org](http://ic.fsc.org)).

**Box 3. 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.

## PART I: Universal Requirements

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### 1. CoC management system

- 1.1 The organization shall implement and maintain a CoC management system adequate to its size and complexity to ensure its continuous conformity to all applicable certification requirements, including the following:
- a. appoint a management representative who has overall responsibility and authority for the organization's conformity to all applicable certification requirements;
  - b. implement and maintain up-to-date documented procedures covering the certification requirements applicable to the scope of the certificate;
  - c. define the key personnel responsible for the implementation of each procedure;
  - d. train staff on the up-to-date version of the organization's procedures to ensure their competence in implementing the CoC management system;
  - e. maintain complete and up-to-date records of the documents that are relevant to demonstrate the organization's conformity with all applicable certification requirements which shall be retained for a minimum period of five (5) years. At a minimum, the organization shall keep records of the following documents as applicable to the certificate scope: procedures, product group lists; training records; purchase and sales documents; material accounting records; annual volume summaries; trademark approvals; records of suppliers, complaints, and outsourcing; control of non-conforming products; verification program records for reclaimed material, and records related to a due diligence program for controlled material and FSC Controlled Wood.
- 1.2 The organization shall apply the eligibility criteria specified in Part IV to define its eligibility for single, multisite, or group CoC certification.
- 1.3 The organization shall commit to the FSC values as defined in FSC-POL-01-004 by signing a self-declaration that the organization is not directly or indirectly involved in the following activities:
- a. illegal logging or the trade in illegal wood or forest products;
  - b. violation of traditional and human rights in forestry operations;
  - c. destruction of high conservation values in forestry operations;
  - d. significant conversion of forests to plantations or non-forest use;
  - e. introduction of genetically modified organisms in forestry operations;
  - f. violation of any of the ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work, 1998.

**NOTE:** This clause will be modified once FSC concludes the revision process of its Policy for Association.

- 1.4 The organization shall commit to occupational health and safety (OHAS). At a minimum, the organization shall appoint an OHAS representative, establish and implement procedures adequate to its size and complexity, and train its staff on OHAS.

**NOTE:** Other certifications and enforcement of local legislation on OHAS that cover the elements required in Clause 1.4 may be used as evidence of conformity to this requirement (i.e. the organization may be considered as automatically meeting Clause 1.4.).

- 1.5 The organization shall ensure that complaints received regarding the organization's conformity to the requirements applicable to the scope of the organization's CoC certificate are adequately considered, including the following:
- a. acknowledge receipt of the complaint to the complainant within two (2) weeks of receiving the complaint;
  - b. investigate the complaint and specify its proposed actions in response to the



- complaint within three (3) months. If more time is needed to complete the investigation, the complainant and the organization's certification body shall be notified;
- c. take appropriate actions with respect to complaints and any deficiencies found in processes that affect conformity to the certification requirements;
  - d. notify the complainant and the organization's certification body when the complaint is considered to be successfully addressed and closed.
- 1.6 The organization shall have procedures in place to ensure that any non-conforming products are identified and controlled to prevent their unintended sale and delivery with FSC claims. Where non-conforming products are detected after they have been delivered, the organization shall undertake the following activities:
- a. notify its certification body and all affected direct customers in writing within five business days of the non-conforming product identification, and maintain records of that notice;
  - b. analyse causes for occurrence of non-conforming products, and implement measures to prevent their reoccurrence;
  - c. cooperate with its certification body in order to allow the certification body to confirm that appropriate actions were taken to correct the non-conformity.
- 1.7 The organization shall support transaction verification conducted by its certification body and Accreditation Services International (ASI), by providing samples of FSC transaction data as requested by the certification body.

## **2. Material sourcing**

- 2.1 The organization shall maintain up-to-date information about all suppliers who are supplying materials used for FSC product groups, including names, certification code (if applicable), and materials supplied.
- 2.2 In order to confirm any changes that might affect the availability and authenticity of the supplied products, the organization shall regularly verify the validity and product groups scope of the certificates of their active FSC-certified suppliers through the FSC certificate database (info.fsc.org).
- NOTE:** Other FSC platforms synchronized with the FSC certificate database (i.e. the trademark portal and the OCP) may support the organization's conformity to this requirement by sending automatic notifications to the organization in the case of a change in the certificate scope of its suppliers.
- 2.3 The organization shall have procedures in place to check the supplier's sale and/or delivery documentation to confirm that:
- a. the supplied material type and quantities are in conformity to the supplied documentation;
  - b. the FSC claim is specified;
  - c. the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.
- 2.4 The organization shall ensure that only eligible inputs and the correct material categories are used in FSC product groups as defined in Table B.

**Table B. Eligible inputs according to the FSC claim specified for the outputs of a product group**

FSC output claim specified for the product group	Eligible inputs
FSC 100%	FSC 100%
FSC Mix x% / FSC Mix Credit	FSC 100%, FSC Mix x%, FSC Mix Credit, FSC Recycled x%, FSC Recycled Credit, controlled material, FSC Controlled Wood, pre-consumer reclaimed, post-consumer reclaimed.
FSC Recycled x% / FSC Recycled Credit	FSC Recycled x%, FSC Recycled Credit, pre-consumer reclaimed, post-consumer reclaimed.
FSC Controlled Wood	FSC 100%, FSC Mix x%, FSC Mix Credit, controlled material, FSC Controlled Wood.

- 2.5 Organizations sourcing non-FSC-certified reclaimed material for use in FSC product groups shall conform to the requirements of FSC-STD-40-007.
- 2.6 Organizations sourcing non-FSC-certified virgin material for use in FSC product groups as controlled material shall conform to the requirements of FSC-STD-40-005.
- 2.7 Organizations that reclaim materials from primary or secondary processing at their own site may classify the material as the same or lower material category as the input from which it was derived. Materials reclaimed from secondary processing may also be classified by the organization as pre-consumer reclaimed material, except materials that are discarded by a manufacturing process but that can be reused on site by being incorporated back into the same manufacturing process that generated it.
- 2.8 The organization may classify material held in stock at the time of the main evaluation by the certification body and material received between the date of the main evaluation and the issue date of the organization's CoC certificate as eligible input, provided that the organization is able to demonstrate to the certification body that the materials meet the FSC material sourcing requirements.

**3. Material handling**

- 3.1 In cases where there is risk of non-eligible inputs entering FSC product groups, the organization shall implement one or more of the following segregation methods:
  - a. physical separation of materials;
  - b. temporal separation of materials;
  - c. identification of materials.

**4. FSC material and products records**

- 4.1 For each product group or job order, the organization shall identify the main processing steps involving a change of material volume or weight and specify the conversion factor(s) for each processing step or, if not feasible, for the total processing steps. The organization shall have a consistent methodology for calculating conversion factor(s) and shall keep them up to date.

**NOTE:** Organizations that produce custom manufactured products are not required to specify conversion factors before manufacturing, but they shall maintain production records that enable conversion factors to be calculated.

- 4.2 The organization shall maintain up-to-date material accounting records (e.g. spreadsheets, production control software) of materials and products in the scope of the FSC certificate, including:
- a. inputs: purchase document number, date, quantities, and material category including the percentage or credit claim (if applicable);
  - b. outputs: sales document number, date, product description, quantities, FSC claim, and applicable claim period or job order;
  - c. FSC percentage calculations and FSC credit accounts.
- 4.3 Organizations that are certified to FSC and other forestry certification schemes and that have inputs and outputs that simultaneously carry claims from these schemes shall demonstrate that the quantities of products are not inappropriately counted multiple times.

**NOTE:** This can be done by establishing a single accounting record for these materials which clearly identifies the quantities of materials and products and the respective certification claim(s) applied to outputs. When this is not possible, the organization should enable the certification body's assessment of this requirement by other means.

- 4.4 The organization shall prepare reports of annual volume summaries (in the measurement unit commonly used by the organization), covering the period since the previous reporting period, demonstrating that the quantities of output products sold with FSC claims are compatible with the quantities of inputs, any existing inventory, their associated output claims, and the conversion factor(s) by product group.

**NOTE:** Organizations that make custom manufactured products (e.g. woodworkers, building contractors, construction companies) may present the annual FSC summary reports as an overview of the job orders or construction projects instead of by product group.

## 5. Sales

- 5.1 The organization shall ensure that sales documents (physical or electronic) issued for products sold with FSC claims include the following information:
- a. name and contact details of the organization;
  - b. information to identify the customer, such as name and address of the customer (except for sales to end consumers);
  - c. date when the document was issued;
  - d. product name or description;
  - e. quantity of products sold;
  - f. the organization's FSC certificate code associated to FSC-certified products and/or FSC Controlled Wood code associated to FSC Controlled Wood products;
  - g. a clear indication of the FSC claim for each product item or the total products as specified in Table C.

**Table C. Eligible FSC claims for output products according to each FSC control system**

FSC output claim specified for the product group	FSC control system		
	Transfer system	Percentage system	Credit system
FSC 100%	√	N/A	N/A
FSC Mix x%	√	√	N/A
FSC Recycled x%	√	√	N/A
FSC Mix Credit	√	N/A	√
FSC Recycled Credit	√	N/A	√
FSC Controlled Wood	√	(see Clause 9.9)	(see Clause 10.10)

- 5.2 Organizations at the end of the supply chain selling FSC finished and labelled products (e.g. retailers, publishers) may omit the percentage or credit information in sales documentation (e.g. using “FSC Mix” claim only instead of “FSC Mix 70%” or “FSC Mix Credit”). In this case, however, this information is lost and subsequent organizations in the supply chain are not permitted to use or reinstate the percentage or credit information related to these products.
- 5.3 If the sales documentation issued by the organization is not included with the shipment of the product and this information is relevant for the customer to identify the product as being FSC certified, the related delivery documentation shall include the same information as required in Clause 5.1 and a reference linking it to the sales documentation.
- 5.4 The organization shall ensure that products sold with an FSC 100%, FSC Mix, or FSC Recycled claim on sales documentation do not carry any labels from other forestry certification schemes.

**NOTE:** FSC-certified product may simultaneously carry the FSC claim and the claim of other forestry certification schemes on sales and delivery documents, even if the product is FSC labelled.

- 5.5 Organizations may identify products exclusively made of input materials from small or community producers by adding the following claim to sales documents: “From small or community forest producers”. This claim can be passed on along the supply chain by certificate holders.
- 5.6 The organization may only sell products with the ‘FSC Controlled Wood’ claim on sales and delivery documents if the products are raw or semi-finished products and the customer is FSC certified.
- 5.7 If the organization is unable to include the FSC claim and/or certificate code in sales or delivery documents, the required information shall be provided to the customer through supplementary documentation (e.g. supplementary letters). In this case, the organization shall obtain permission from its certification body to implement supplementary documentation in accordance with the following criteria:
  - a. there shall exist clear information linking the supplementary documentation to the sales or delivery documents;
  - b. there is no risk that the customer will misinterpret which products are or are not FSC certified in the supplementary documentation;
  - c. where the sales documents contain multiple products with different FSC claims, each product shall be cross-referenced to the associated FSC claim provided in the supplementary documentation.
- 5.8 Organizations that sell custom manufactured FSC products (e.g. woodworkers, building contractors, construction companies) that do not list the FSC-certified products on the invoice

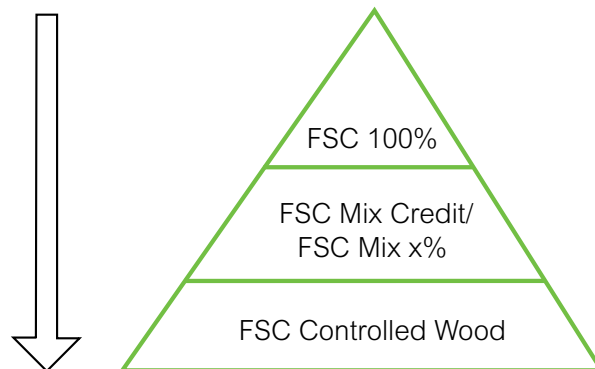
as required by Clause 5.1 may issue supplementary documents to the invoices issued for construction or other related services. The supplementary document shall include the following:

- a. reference information sufficient to link the service invoice(s) to the supplementary document;
- b. a list of the FSC-certified components used with the related quantities and FSC claims;
- c. the certificate code of the organization.

5.9 The organization may opt to downgrade an FSC output claim as presented in Figure A. The FSC label shall correspond to the FSC claim made on sales documents, except in the case of retailers selling finished and labelled products to end-consumers.

**NOTE:** Products that are 100% made of reclaimed materials can only be claimed as FSC Recycled.

### Figure A. Rules for downgrading FSC output claims



## 6. Compliance with timber legality legislation

6.1 The organization shall ensure that its FSC-certified products conform to all applicable timber legality legislation. At a minimum, the organization shall:

- a. have procedures in place to ensure the import and/or export of FSC-certified products by the organization conform to all applicable trade and customs laws<sup>1</sup> (if the organization exports and/or imports FSC products);
- b. upon request, collect and provide information on species (common and scientific name) and country of harvest (or more specific location details if required by legislation) to direct customers and/or any FSC-certified organizations further down the supply chain that need this information to comply with timber legality legislation. The form and frequency of providing this information may be agreed upon between the organization and the requester;

**NOTE:** If the organization does not possess the requested information on species and country of origin, the request shall be passed on to the upstream suppliers until the information can be obtained.

- c. ensure that FSC-certified products containing pre-consumer reclaimed wood (except reclaimed paper) being sold to companies located in countries where timber legality legislation applies **either**:
  - i. only include pre-consumer reclaimed wood materials that conform to FSC Controlled Wood requirements in accordance with FSC-STD-40-005; **or**
  - ii. inform their customers about the presence of pre-consumer reclaimed wood in the product and support their due diligence system as required by applicable timber legality legislation.

**NOTE:** Organizations applying option c (i) above may apply the requirements for co-products outlined in FSC-STD-40-005.

<sup>1</sup> Trade and Customs Laws, include, but may not be restricted to:

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

## PART II: Control of FSC Claims

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**NOTE:** Examples on the application of the product group and FSC control system requirements are provided in Annexes A and B, respectively.

### 7. Establishment of product groups for the control of FSC claims

- 7.1 The organization shall establish product groups for the purpose of controlling FSC output claims and labelling. Product groups shall be formed by one or more output products that:
- belong to the same product type in accordance with FSC-STD-40-004a;
  - are controlled according to the same FSC control system.
- 7.2 The following additional conditions apply for the establishment of product groups under the percentage and/or credit system:
- all products shall have the same conversion factor. If not, they may still be grouped under the same product group, but the applicable conversion factors shall be applied to the corresponding products for the calculation of the amount of output products that can be sold with FSC percentage or FSC credit claims;
  - all products shall be made of the same input material (e.g. pine lumber) or same combination of input materials (e.g. a product group of veneered particle boards, where all products are made of a combination of particle board and veneer of equivalent species).

**NOTE:** An input material and/or species of wood of a product group may be substituted by another material and/or species provided that they are equivalent. Variations of material or product dimension or shape are accepted within the same product group. Different types of wood pulp are considered as equivalent input materials.

#### Box 4. Substitution of input materials within a product group

Materials and/or species can be considered as being equivalent if they can be substituted without changing the output product characteristics. The following indicators are considered as a change of product characteristics at the output side:

- change of the product type (in accordance with FSC-STD-40-004a); or
- change in the product function; or
- increase of the product price (price should not be used as a single indicator due to possible variations caused, for example, by market demand, price negotiations, or volumes purchased or sold; however, it can be used in combination with other indicators to characterize variations of output product characteristics); or
- increase of the product grade; or
- change of the product appearance (the appearance is determined by the intrinsic material properties. Printing, painting, and other finishing processes are not applicable in this case).

- 7.3 The organization shall maintain an up-to-date list of product groups specifying for each:
- the product type(s) of the output products in accordance with FSC-STD-40-004a;
  - the applicable FSC claims for the outputs. The organization may also indicate products that are eligible to carry the FSC Small and Community Label if the organization wants this information to be public in the FSC certificate database;
  - the species (including scientific and common names), where the species information designates the product characteristics.

## 8. Transfer system

### Box 5. Transfer system application

The transfer system is an FSC control system which provides the simplest approach for the determination of output claims by transferring the FSC claims of inputs materials directly to the output products. Through segregation from ineligible materials, the link between input and output material is assured through all stages of an organization's processes.

The transfer system can be applied to all types of product groups, FSC claims, and activities.

There are no valid output claims for pre-consumer reclaimed wood since it is not considered an eligible input in the transfer system.

**NOTE:** Non-timber forest products used for food and medicinal purposes are restricted to the transfer system only.

- 8.1 For each product group, the organization shall specify claim periods or job orders for which a single FSC claim shall be made.
- 8.2 For claim periods or job orders in which inputs belong to a single material category carrying an identical FSC claim, the organization shall determine this to be the corresponding FSC claim for the outputs.
- 8.3 For claim periods or job orders in which inputs of different material categories or associated percentage claims or credit claims are combined, the organization shall use the lowest FSC claim per input volume as the FSC claim for the outputs, as indicated in Table D.

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

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

## 9. Percentage system

### Box 6. Percentage system application

The percentage system is an FSC control system which allows all outputs to be sold with a percentage claim that corresponds to the proportion of claim-contributing inputs over a specified claim period.

The percentage system can be applied to FSC Mix and FSC Recycled product groups at the level of a single or multiple physical sites. The percentage system may also be applied to products carrying the FSC Small and Community Label.

The percentage system **cannot** be applied to the following activities:

- sale of products with the FSC 100% output claim;
- trade and distribution of finished wood products and paper (e.g. paper merchants);
- trade without physical possession;
- trade and processing of non-timber forest products (NTFPs), except for bamboo and NTFPs derived from trees (e.g. cork, resin, bark).

9.1 For each product group, the organization shall specify claim periods or job orders for which a single FSC percentage claim shall be made.

9.2 For FSC Mix and FSC Recycled inputs, the organization shall use the percentage claim or credit claim stated on the supplier invoice to determine the quantity of claim-contributing inputs.

**NOTE:** Material supplied with a credit claim shall be used by its full quantity as claim-contributing input.

9.3 The organization shall calculate and record the FSC% for each claim period or job order by using the following formula:

$$\text{FSC\%} = \frac{\text{QC}}{\text{QT}} \times 100$$

FSC% = FSC percentage

QC = Quantity of claim-contributing inputs

QT = Total quantity of forest-based inputs

9.4 When the percentage system is applied at the level of multiple physical sites, the percentage shall be calculated based on an average FSC% of the inputs received by all sites. The conditions for the application of the percentage system at the level of multiple physical sites are the following:

- a. the percentage calculation shall only be applied to products within the same product group;
- b. all sites shall be within the scope of a single or multi-site certificate with a common ownership structure;
- c. all sites shall be located within the same country or the Eurozone;
- d. all sites shall use the same integrated management software;
- e. each site participating in a cross-site percentage calculation shall have an FSC percentage (FSC%) of at least 50%.

**NOTE:** FSC will monitor the environmental, social, and economic benefits and costs of the application of the percentage system at a multiple site level and re-evaluate after two years. Organizations applying the percentage system at a multiple site level are required to participate in this monitoring process by providing the information as requested by FSC.



- 9.5 For each product group, the organization shall calculate the FSC% based on:
- a. the input to the same claim period or job order (single percentage); **or**
  - b. the input to a specified number of previous claim periods (rolling average percentage).
- 9.6 The time period over which the input percentage is calculated shall not exceed 12 months, unless otherwise warranted by the nature of the business and approved by the FSC-accredited certification body.
- 9.7 Organizations using the single percentage method may apply the calculated FSC% to the FSC claim of the output products produced either during the same claim period/ job order or in the following claim period.
- 9.8 Organizations using the rolling average percentage method shall apply the calculated FSC% from the specified number of previous claim periods to the FSC claim of the output products produced in the following claim period.
- 9.9 Organizations applying the FSC percentage in the following claim period according to Clauses 9.7 and 9.8 shall ensure that fluctuations in the supply of input materials are not used to increase the amount of output products sold with FSC claims. Organizations shall demonstrate in their annual volume summary reports that the amount of products sold with FSC claims are compatible with the amount of claim-contributing inputs received and their conversion factors within the reporting period.
- 9.10 The organization can sell the total output of a claim period or job order with an FSC Mix or FSC Recycled percentage claim that is identical to or lower than the calculated FSC%.

## 10. Credit system

### Box 7. Credit system application

The credit system is an FSC control system which allows a proportion of outputs to be sold with a credit claim corresponding to the quantity of claim-contributing inputs and the applicable product group conversion factor(s).

The credit system can be used for FSC Mix and FSC Recycled product groups at the level of a single or multiple physical sites.

The credit system **cannot** be applied to the following activities:

- sale of products with the FSC 100% output claim;
- trade and distribution of finished wood products and paper (e.g. paper merchants);
- trade without physical possession;
- trade and processing of non-timber forest products (NTFPs), except for bamboo and NTFPs derived from trees (e.g. cork, resin, bark);
- print processes;
- sale of product groups carrying the FSC Small and Community Label and/or claim.

### Establishment of credit accounts

- 10.1 For each product group, the organization shall set up and maintain an FSC credit account according to which additions and deductions of FSC credits shall be recorded.
- 10.2 The organization shall maintain credit accounts of either input materials or output products.

- 10.3 The credit system may be applied at the level of a single or multiple physical sites. The conditions for the establishment of a centralized credit account covering multiple sites are the following:
- a. credits shall be shared within the same product group;
  - b. all sites shall be within the scope of a single or multi-site certificate with a common ownership structure;
  - c. all sites shall be located within the same country or the Eurozone;
  - d. all sites shall use the same integrated management software;
  - e. each site participating in a cross-site credit account shall contribute at least 10% of the input credits used by its own site in a 12-month period.

**NOTE:** FSC will monitor the environmental, social, and economic benefits and costs of the application of the credit system at the multiple site level and re-evaluate it after two years. Organizations applying the credit system at a multiple site level are required to participate in this monitoring process by providing the information as requested by FSC.

### **Credit account administration**

- 10.4 For FSC Mix and/or FSC Recycled inputs, the organization shall use the percentage claim or credit claim stated on the supplier invoice to determine the quantity of claim-contributing inputs.

**NOTE:** Material supplied with a credit claim shall be used by its full quantity as claim-contributing input.

- 10.5 When the credit system is applied to assembled wood products, and where inputs of different quality are combined, high-quality components that are sourced as controlled material or FSC Controlled Wood shall not represent more than 30% of the product group's composition (by volume or weight).
- 10.6 The organization shall not accumulate more FSC credit in the credit account than the sum of FSC credit that has been added during the previous 24 months. (This means that credits which were not used for output claims within this period expire.) The FSC credit that exceeds the sum of credits entered into the account within the previous 24-month period shall be deducted from the credit account at the start of the following month (at the 25th month after they have been added to the account).
- 10.7 The determination of output credit quantities shall be achieved by multiplying the input quantities by the applicable conversion factor(s) specified for each component of the product group.

### **Sale of outputs with credit claims**

- 10.8 Before products are sold with FSC Mix or FSC Recycled credit claims, the organization shall convert the quantity of input materials into credits according to Clause 10.7 and deduct them from the FSC credit account.
- 10.9 The organization shall only sell products with FSC credit claims if there are credits available in the corresponding credit account.
- 10.10 The organization may supply the portion of the output quantity that has not been sold as FSC Mix Credit as FSC Controlled Wood, on the basis of a corresponding FSC Controlled Wood credit account.

**NOTE:** FSC Controlled Wood credit accounts are not needed when the FSC Mix Credit account covers the whole organization's production.

## PART III: Supplementary Requirements

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### 11. FSC labelling requirements

- 11.1 The organization may apply the FSC label on FSC-certified products following the requirements specified in FSC-STD-50-001. The type of FSC label shall always correspond to the FSC claim made on sales documents, as specified in Table E.

**Table E. FSC claims and corresponding FSC labels**

FSC claims for the outputs	FSC label
FSC 100%	FSC 100%
FSC Mix percentage of at least 70%	FSC Mix
FSC Mix Credit	FSC Mix
FSC Recycled wood - percentage of at least 70% post-consumer reclaimed	FSC Recycled
FSC Recycled paper - no threshold applies	FSC Recycled
FSC Recycled Credit	FSC Recycled

- 11.2 Only FSC products that are eligible for FSC labelling may be promoted with the FSC trademarks.

- 11.3 Products exclusively made of input materials from small and/or community producers are eligible to carry the FSC Small and Community Label.

### 12. Outsourcing

- 12.1 The organization may outsource activities within the scope of its certificate to FSC-CoC-certified and/or non-FSC-CoC-certified contractors.

**NOTE:** The organization's outsourcing arrangements are subject to a risk analysis by the certification body and sampling for on-site audit purposes.

- 12.2 Activities that are subject to outsourcing agreements are those that are included in the scope of the organization's CoC certificate, such as purchase, processing, storage, labelling and invoicing of products.

**NOTE:** Storage sites are exempt from outsourcing agreements where they constitute stopping places as part of transportation or logistic activities. However, if an organization contracts a service provider to store goods that have not yet been sold to a customer, this is considered as an extension of the storage site of the organization and therefore subject to an outsourcing agreement.

- 12.3 Prior to outsourcing activities to a new contractor, the organization shall inform its certification body about the outsourced activity, name, and contact details of the contractor.

- 12.4 The organization shall establish an outsourcing agreement with each non-FSC-certified contractor, specifying at minimum that the contractor shall:

- conform to all applicable certification requirements and the organization's procedures related to the outsourced activity;
- not make unauthorized use of the FSC trademarks (e.g. on the contractor's products or website);
- not further outsource any processing;
- accept the right of the organization's certification body to audit the contractor;
- notify the organization within the period of 10 business days if the contractor is included in the list of organizations that are disassociated from FSC, in accordance with the FSC-POL-01-004, and therefore subsequently ineligible to provide outsourcing services to FSC-certified organizations.

- 12.5 The organization shall provide documented procedures to its contractor(s) that ensure the following:
- a. the material under the contractor's responsibility shall not be mixed or contaminated with any other material during the outsourced activity;
  - b. the contractor shall keep records of inputs, outputs, and delivery documentation associated with all material covered by the outsourcing agreement;
  - c. if the contractor applies the FSC label to the product on behalf of the organization, the contractor shall only label the eligible products produced under the outsourcing agreement.
- 12.6 The organization shall maintain legal ownership of all materials during outsourcing.

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

- 12.7 The organization shall identify the invoices of materials sent for outsourcing following the requirements specified in Clause 5.1. Contractors are not required to identify the invoices of materials after outsourcing.
- 12.8 The organization may act as an FSC-certified contractor providing services to other contracting organizations. In this case, the organization shall include the outsourcing services under the scope of its FSC certificate ensuring that all applicable certification requirements are met.
- 12.9 When the organization provides FSC-certified outsourcing services to non-FSC-certified contracting organizations, it is acceptable that the contracting organization buys the raw material for the outsourced processes. To ensure that the CoC is not broken, the material shall be transported directly from an FSC-certified supplier to the organization (i.e. the non-certified contracting organization shall not take physical possession of the materials before outsourcing).

## PART IV: Eligibility Criteria for Single, Multisite, and Group CoC Certification

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### 13. Eligibility for single CoC certification

- 13.1 An organization is eligible for single CoC certification if the scope of the certificate includes a single site or multiple sites (two or more sites) that conform to the following criteria:
- a. one site under the scope of the single CoC certificate is:
    - i. acting as the certificate holder;
    - ii. responsible for invoicing of certified and non-certified materials or products covered by the scope of the certificate to external clients;
    - iii. controlling the use of the FSC Trademarks.
  - b. all sites under the scope of the single CoC certificate are:
    - i. operating under a common ownership structure;
    - ii. managed under direct control of the certificate holder;
    - iii. in an exclusive business relationship with each other for the output materials or products covered by the scope of the certificate;
    - iv. located in the same country.
- 13.2 For single CoC certification, all sites included in the scope of certification shall conform to all applicable certification requirements specified in FSC-STD-40-004. The requirements specified in FSC-STD-40-003 do not apply.

**NOTE:** In this scenario, all applicable certification requirements as defined in FSC-STD-40-004 shall be evaluated by the certification body at all sites included in the scope of the certificate within each audit (i.e. no sampling applies).

### 14. Eligibility for multi-site CoC certification

- 14.1 An organization is eligible for multi-site certification if the scope of the certificate includes two or more sites or legal entities (referred to as 'participating sites' in FSC-STD-40-003) that conform to the following criteria:
- a. all participating sites and the organization that holds the certificate are linked through common ownership; **or**
  - b. all participating sites:
    - i. have a legal and/or contractual relationship with the organization; **and**
    - ii. have common operational procedures (e.g. same production methods, same product specifications, integrated management software); **and**
    - iii. 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 of forest products;
      - operation under the same brand name (e.g. franchise, retailer).
- 14.2 Based on the requirements of Clause 14.1, the following organizations are not eligible for multi-site CoC certification:
- a. organizations that do not have authority over the admission or removal of participating sites from the certificate scope;
  - b. associations;
  - c. non-profit organizations that have for-profit members.

14.3 For multi-site CoC certification, all participating sites included in the scope of the certificate shall conform to all applicable certification requirements specified in FSC-STD-40-004 and FSC-STD-40-003.

**NOTE:** Multi-site CoC certificates are evaluated by the certification body based on a defined sampling methodology as specified in FSC-STD-20-011.

## 15. Eligibility for group CoC certification

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.

**NOTE:** The annual turnover criteria is only applicable to organizations that have for-profit activities.

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

**NOTE:** FSC-PRO-40-003 authorizes FSC National Offices to define nationally specific eligibility criteria for group CoC certification. National eligibility criteria approved by FSC supersede those in Clause 15.1 a) above and are published on the FSC website (in FSC-PRO-40-003a).

15.2 For group CoC certification, all participating sites included in the scope of the certificate shall conform to all applicable certification requirements specified in FSC-STD-40-004 and FSC-STD-40-003.

**NOTE:** Group CoC certificates are evaluated by the certification body based on a defined sampling methodology as specified in FSC-STD-20-011.

**Table F. Comparison between Single, Multi-site and Group COC requirements.**

Item	Single	Multi-site	Group
All sites shall operate under a common ownership structure	Yes	Not necessarily. Common ownership is required in the scenario specified in Clause 14.1 a)	No
Sites can sell FSC certified products independently	No. Only one site under the scope of the certificate is allowed to invoice FSC products to customers	Yes	Yes
All sites shall be located in the same country	Yes	No	Yes
The organization shall establish a Central Office for the certificate administration and internal monitoring	No	Yes	Yes
The certification body can apply sampling methods for the selection of sites for evaluation	No. All sites under the scope of the certificate shall be annually audited by the certification body	Yes	Yes
Certificate growth	The inclusion of new sites under the scope of the certificate requires audit by the certification body.	The organization may add new sites to the certificate scope at any time, within the growth limits established by the certification body	The organization may add new sites to the certificate scope at any time, within the growth limits established by the certification body

## Annex A. Examples of product groups

The following examples are provided in Table F to clarify the correct (✓) and incorrect (✗) application of the product group concept:

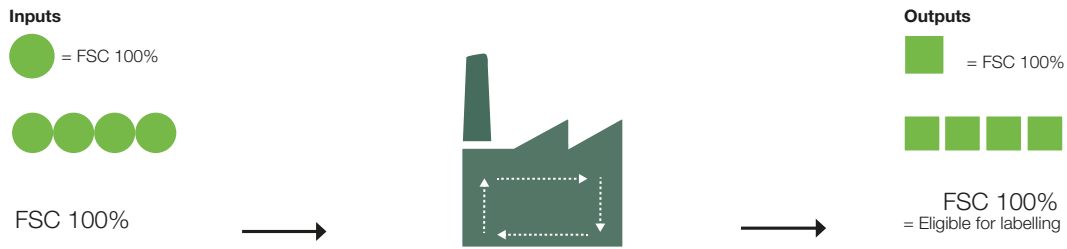
**Table G. Examples of product group application**

Product group examples		Rationale
<b>Pine logs are processed generating lumber, chips, and sawdust</b>	✓ Three separate product groups are established: lumber, chips, and sawdust.	Each output product belongs to a different product type category.
	✓ Two separate product groups are established: lumber and wood in chips and particles (chips and sawdust are combined in the same product group).	Chips and particles may be combined in the same product type class (W3 Wood in chips or particles).
	✗ One product group is established combining lumber, chips, and sawdust.	Lumber, chips, and sawdust belong to different product type categories.
<b>Pine and oak logs are processed generating lumber, chips, and sawdust</b>	✓ Three separate product groups are established: pine lumber, oak lumber, wood in chips and particles (combining residues from pine and oak processing)	Pine and oak lumber are not exchangeable products. However, in the case of “wood in chips and particles” the two species can be combined since they do not change the output product quality.
	✗ One product group ‘lumber’ is established combining pine lumber and oak lumber.	Pine and oak lumber have different qualities and therefore are not exchangeable products.
<b>Tables made of a combination of MDF and veneer</b>	✓ A product group ‘tables’ is established combining inputs of MDF and walnut veneer in different dimensions and shape (e.g. round and square tables).	Variations of material or product dimension or shape are accepted within the same product group.
	✗ A product group ‘tables’ is established combining inputs of MDF and veneer of several wood species in different dimensions and shape (e.g. round and square tables). Walnut, sapele, and maple veneer are combined in the same product group.	Walnut, sapele, and maple veneer cannot be exchanged without altering the output product quality (i.e. value and appearance).
<b>Tables made of a combination of MDF and melamine paper</b>	✓ A product group ‘tables’ is established combining MDF and melamine paper in different sizes and melamine colors (e.g. white melamine paper and melamine paper imitating wood are combined in the same product group).	Printing, painting, and other finishing processes are not considered quality indicators.
<b>Paper made of a combination of virgin and reclaimed fibre</b>	✓ A product group for newsprint paper is established combining virgin and reclaimed fibre in the composition in different proportions. Some output products within a product group are white and others are brown due to changes in the fibre proportions and bleaching process.	Different types and proportions of fibre can be combined in the same product group provided they do not alter the output product function. The output product shall fall under the same product type category.
	✗ The same reclaimed fibre is used for the production of newsprint paper and specialty paper. Newsprint paper and specialty paper are combined in the same product group.	Newsprint paper and specialty paper do not share similar output characteristics and belong to different product type categories. If the organization is applying the credit system, it may opt to maintain a credit account for reclaimed fibre input and allocate it for the different product groups (e.g. newsprint paper and corrugated paper) considering the applicable conversion factors before selling them with FSC credit claims.
<b>Particle board, uncoated and coated with melamine paper.</b>	✗ One product group is established covering coated and uncoated particle board products.	Uncoated and coated particle boards are different products and shall be treated as separate product groups.

# Annex B. Examples of the application of the FSC control systems

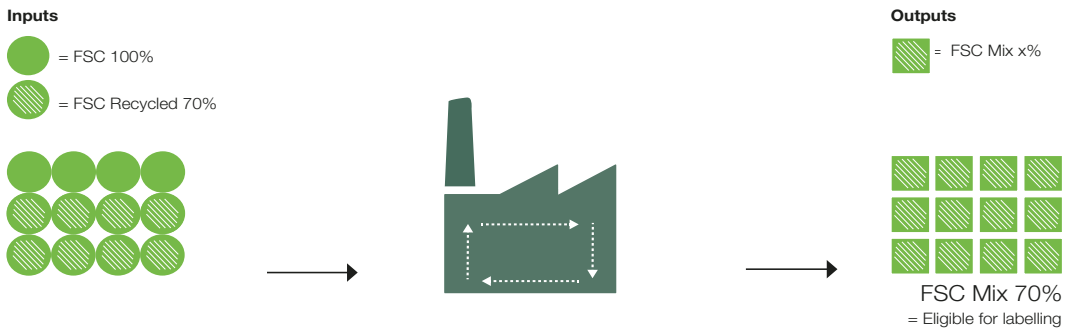
## Transfer System

Example A: Product groups with single input material.



**FSC output claim determination:** In the scenario above, a single input material is used and its claim (FSC 100%) is transferred to the outputs.

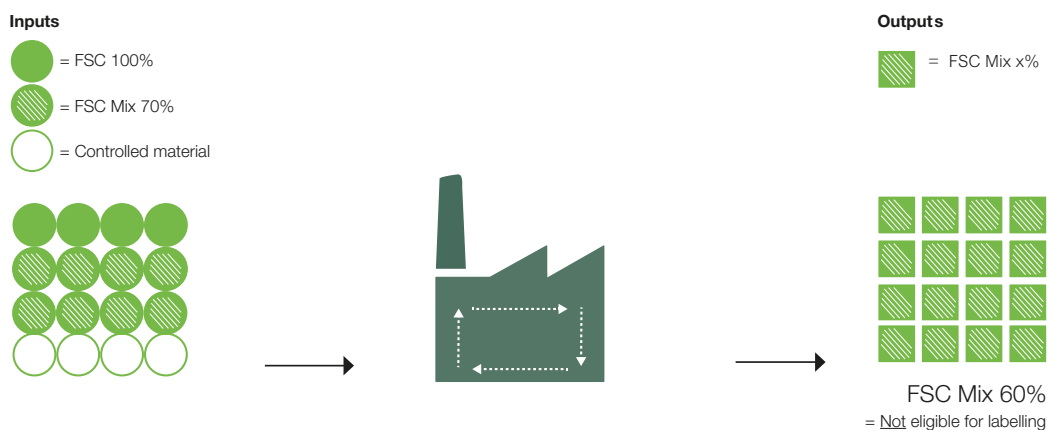
Example B: Product groups with a combination of two or more input materials of different material categories.



**FSC output claim determination:** According to the requirements specified in Table D, the combination of virgin material (FSC 100%) and reclaimed material (FSC Recycled x%) in the transfer system results in an FSC Mix x% claim for the output products (see definition of FSC Mix).

## Percentage system

Example C: Product groups with a combination of two or more input materials of different material categories.



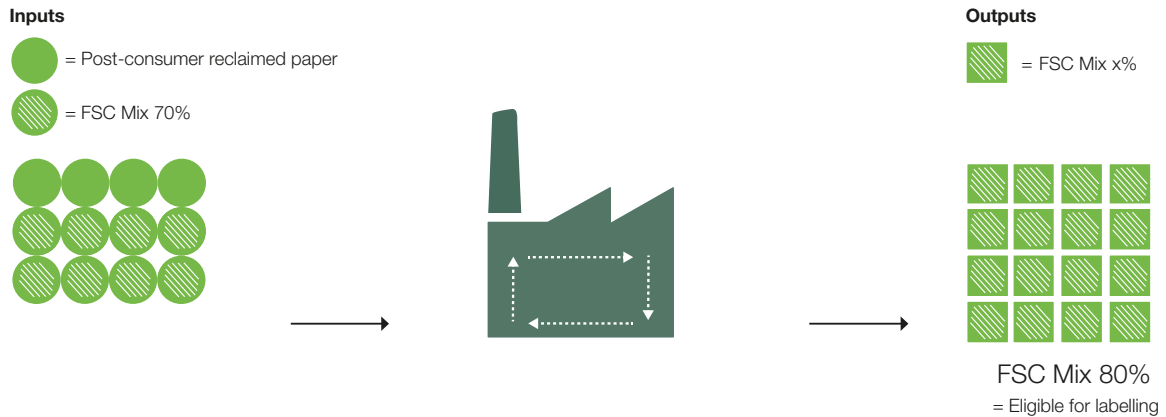
The FSC claim for the output is calculated as follows:

$$\left. \begin{array}{l} 4 \text{ units of FSC 100\% input} \\ 8 \text{ units of FSC Mix 70\% input} \\ 4 \text{ units of controlled material} \end{array} \right\} \frac{(4 \times 1) + (8 \times 0.7) + (4 \times 0)}{4 + 8 + 4} \times 100\% = \frac{4 + 5.6 + 0}{16} \times 100\% = 60\%$$

**FSC output claim determination:** In the scenario above, the combination of three different types of virgin material (FSC 100%, FSC Mix 70% and FSC Controlled Wood) input result in an FSC Mix claim for the outputs (see definition of FSC Mix).



Example D: Product groups with a combination of two or more input materials of different material categories.



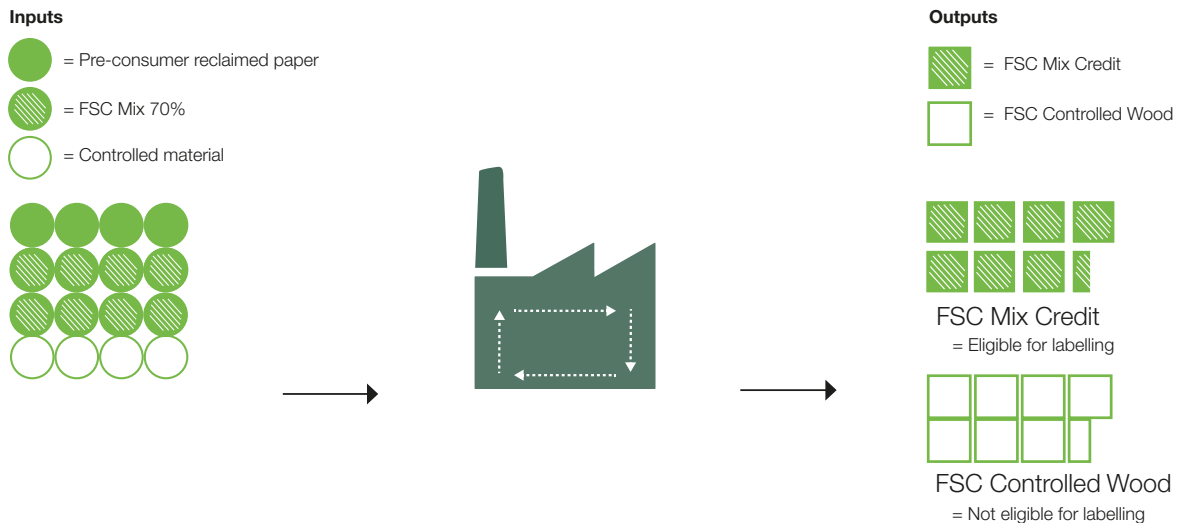
The FSC claim for the output is calculated as follows:

$$\left. \begin{array}{l} 4 \text{ units of pre-consumer reclaimed paper} \\ 8 \text{ units of FSC Mix 70\% input} \end{array} \right\} \frac{(4 \times 1) + (8 \times 0.7)}{4 + 8} \times 100\% = \frac{4 + 5.6}{12} \times 100\% = 80\%$$

**FSC output claim determination:** In the scenario above, the combination of pre-consumer reclaimed paper and FSC Mix 70% result in an FSC Mix claim for the outputs.

**Credit system**

Example E: Product groups with a combination of two or more input materials of different material categories.



The number of *output* units which can be sold with an ‘FSC Mix Credit’ claim is calculated as follows:

$$\left. \begin{array}{l} 4 \text{ units of pre-consumer reclaimed paper input} \\ 8 \text{ units of FSC Mix 70\% input} \\ 4 \text{ units of controlled material} \end{array} \right\} (4 \times 1) + (8 \times 0.7) + (4 \times 0) = 4 + 5.6 = 9.6 \text{ units of FSC Mix Credit}$$

The remainder of **6.4 units** can be sold as ‘FSC Controlled Wood’.

**FSC output claim determination:** In the scenario above, the combination of reclaimed material (pre-consumer reclaimed paper) and virgin material (FSC Mix 70% and FSC Controlled Wood) result in an FSC Mix claim for the outputs (see definition of FSC Mix).

## Annex C. Terms and definitions

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

**Approval date:** The date on which an FSC normative document is approved by the approval body.

**Assembled product:** Product that is constructed from two or more forest-based components (e.g. solid wood and particle board), assembled together to form another product (e.g. furniture, musical instruments, plywood, laminated products, and packaging or printed materials containing different paper components).

**Certification body:** A body that performs conformity assessment services and that can be the object of accreditation (adapted from ISO/IEC 17011:2004 (E)).

**Chain of custody:** The FSC chain of custody (CoC) is the path taken by products from the forest, or in the case of recycled materials from the moment when the material is reclaimed, to the point where the product is sold with an FSC claim and/or is finished and FSC-labelled. The CoC includes each stage of sourcing, processing, trading, and distribution where progress to the next stage of the supply chain involves a change of product ownership.

**Chip and fibre product:** A product in which all wood inputs are chipped or defibrated (e.g. pulp, paper, print materials, cardboard, particle board, fibreboard).

**Claim-contributing input:** Input material that counts towards the determination of the FSC Mix or FSC Recycled claims for products controlled under the percentage or credit system. Eligible claim-contributing inputs are the following: FSC-certified materials, post-consumer reclaimed materials, and pre-consumer reclaimed paper (Note: this last category excludes other pre-consumer reclaimed materials, such as wood and cork). The amount of input materials received with an FSC Mix x% or FSC Recycled x% claims that count as claim-contributing input is proportional to the percentage stated on the supplier's sales documents (e.g. if 10 kg are received with an FSC Mix 70% claim, only 7 kg counts as claim-contributing input). The full amount of input materials received with an FSC Mix Credit or FSC Recycled Credit claim counts as claim-contributing input (i.e. 100% of the input amount).

**Claim period:** A period of time that has been specified by the organization for each product group for the purpose of making a specific FSC claim. The minimum length of the claim period is the length of time to complete a batch run including receipt, storage, processing, labelling, and sale of the output product.

**CoC management system:** The organizational structure, policies, procedures, processes, and resources needed to successfully meet the requirements of this standard.

**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.

**Complaint:** An expression of dissatisfaction provided in writing by any person or organization in relation to the certified organization's conformity to the requirements. The complaint must be applicable to the scope of the organization's CoC certificate and include the name and contact information of the complainant, a clear description of the issue, and evidence to support each element or aspect of the complaint.

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

**Community producer:** A forest management unit (FMU) that complies with the following tenure and management criteria and is thus eligible for the FSC Small and Community Label:

Tenure: The legal right to manage an FMU (e.g. title, long-term lease, concession) is held at the communal level, and either one of the following is applicable:

- i. the community members must be either indigenous peoples<sup>2</sup> or traditional peoples<sup>3</sup>; or
- ii. the FMU meets the eligibility criteria<sup>4</sup> for small and low intensity managed forests (SLIMFs).

Management: The community actively manages the FMU through a concerted effort (e.g. under a communal forest management plan) **or** the community authorizes management of the forest by others (e.g. resource manager, contractors, forest products company).

<sup>2</sup> Definition of Indigenous Peoples in FSC Principles and Criteria for Forest Management (version 5, draft 5): "People and groups of people that can be identified or characterized as follows: The key characteristic or criterion is self-identification as indigenous peoples at the individual level and acceptance by the community as their member; historical continuity with pre-colonial and/or pre-settler societies; strong link to territories and surrounding natural resources; distinct social, economic, or political systems; distinct language, culture, and beliefs; form non-dominant groups of society; resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities." *Source: Adapted from United Nations Permanent Forum on Indigenous, Factsheet 'Who are indigenous peoples' October 2007; United Nations Development Group, 'Guidelines on Indigenous Peoples' Issues' United Nations 2009, United Nations Declaration on the Rights of Indigenous Peoples, 13 September 2007.*

<sup>3</sup> Definition of Traditional Peoples proposed in FSC Principles and Criteria for Forest Management (version 5, draft 5): "Traditional peoples are social groups or peoples who do not self-identify as indigenous and who affirm rights to their lands, forests, and other resources based on long-established custom or traditional occupation and use." *Source: Forest Peoples Programme (Marcus Colchester, 07 October 2009).*

<sup>4</sup> See SLIMF Eligibility Criteria (FSC-STD-01-003).

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If the community authorizes management of the forest by others, criterion 1 **and** either criterion 2 **or** 3 must be met:

1. The community's own representative institution<sup>5</sup> has legal responsibility for the harvesting operations; **and**
2. The community performs the harvesting operations; or
3. The community's own representative institution is responsible for the forest management decisions and follows and monitors the operations.

**NOTE:** The forest can be either located in a communal forest and/or on individually assigned plots, as long as the right to use the forest is communally held (e.g. Mexican ejidos, Brazilian sustainable development reserves).

**Contracting organization:** Individual, company, or other legal entity using a contractor for any activities under the scope of an FSC CoC certificate.

**Contractor:** Individual, company, or other legal entity contracted by an organization for any activities under the scope of an FSC CoC certificate.

**Controlled material:** Input material supplied without an FSC claim which has been assessed to be in conformity to the requirements of the standard FSC-STD-40-005 EN Requirements for Sourcing Controlled Wood.

**Conversion factor:** The ratio between material quantity entering and leaving a given transformation process used by the organization. The conversion factor is calculated by dividing the output quantity by the input quantity and is applied either to the whole product or to each individual component of a product.

**Co-product:** Output produced during the process of primary manufacturing of another (principal) product from the same inputs (e.g. sawdust, chips generated during lumber processing).

**Credit account:** A record kept by an organization operating a credit system which lists entries and withdrawals of volume credits for the purpose of controlling the quantity of products that are eligible to be sold with FSC Mix Credit, FSC Recycled Credit, or FSC Controlled Wood claims.

**Credit system:** FSC control system which allows a proportion of outputs of a product group to be sold with a credit claim corresponding to the quantity of claim-contributing inputs and the applicable conversion factor(s).

**Delivery document:** Document accompanying a shipment of goods that lists physically or electronically the description, grade, and quantity of the goods delivered. Examples of delivery documents are delivery notes, shipping documents, transport documents, or packing lists.

**Effective date:** The date on which the published FSC normative document becomes applicable for use.

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

**End-user (end-consumer):** A person or organization that purchases and uses a product rather than one that manufactures, trades and/or sells it.

**Eurozone:** Geographic and economic region that consists of all European Union member states which have adopted the euro (€) as their national currency.

**Finished product:** A product that will not undergo further transformation in terms of processing, labelling, or packaging prior to its intended end use or sale to the end-user. Installation of finished products, the filling of packaging, and cutting to size are not considered product transformation, unless these activities involve repackaging, changing of the FSC product composition, or relabelling.

**NOTE:** Some products may or may not be classified as a finished product depending on the intended use by the customers. For example, lumber or paper does not classify as a finished product if sold to a manufacturer that will further transform these materials into other products.

**Forestry certification scheme:** A scheme based on the development of standards for forest management and/or chain of custody certification of forest products.

**Forest-based:** Organic materials and products produced within a forest matrix, including wood and non-timber forest products.

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<sup>5</sup> "States shall consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions in order to obtain their free, prior, and informed consent before adopting and implementing legislative or administrative measures that may affect them." *Source: United Nations Declaration on the Rights of Indigenous Peoples Article 19.*

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**FSC-certified material:** Input material that is supplied with an FSC 100%, FSC Mix, or FSC Recycled claim from an FSC-certified supplier.

**FSC-certified product:** A product that conforms to all applicable certification requirements and is eligible to be sold with FSC claims on invoices and to be promoted with the FSC trademarks. FSC Controlled Wood is not considered to be FSC-certified product.

**FSC claim:** A claim made on sales and delivery documents for FSC-certified or FSC Controlled Wood output products. The FSC claims are: FSC 100%, FSC Mix x%, FSC Recycled x%, FSC Mix Credit, FSC Recycled Credit, and FSC Controlled Wood.

**FSC control system:** System used for controlling the quantities of products in a product group that can be sold with the FSC claims. The FSC control systems are: transfer, percentage and credit systems.

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

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

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

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

**NOTE:** Product groups that are exclusively made of reclaimed material, controlled material, and/or FSC Controlled Wood are not eligible to be sold with the FSC Mix claim.

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

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

**FSC Transaction:** Purchase or sale of products with FSC claims on sales documents.

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

**Integrated management system:** Business process management system that allows an organization to use integrated applications to manage the business and all data related to FSC-certified purchase, stocks, production, and sales and certification bodies to audit this information related to multiple sites remotely.

**Material category:** Class of virgin or reclaimed material that can be used in FSC product groups. The material categories are the following: FSC 100%, FSC Mix, FSC Recycled, FSC Controlled Wood, controlled material, post-consumer reclaimed, and pre-consumer reclaimed.

**Neutral material:** Material that comes from outside a forest matrix (i.e. non-forest based material). Examples are non-wood plant fibres or lignified materials (e.g. flax used in the manufacture of a board classified as a wood-based panel or of a composite product) and synthesized or inorganic materials (e.g. glass, metal, plastics, fillers, brighteners). Neutral materials do not include non-timber forest products and salvaged wood. Neutral materials used in FSC product groups are exempt from CoC control requirements. Once a non-forest-based material has been included in the scope of an FSC certificate, FSC will determine and communicate when it can no longer be classified as neutral material.

**Non-conforming product:** Product or material for which an organization is unable to demonstrate that it conforms to the applicable FSC certification requirements and eligibility requirements for making FSC claims.

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

**Online claims platform (OCP):** An FSC digital platform where transactions of FSC-certified products by FSC certificate holders are recorded for the purpose of transaction verification.

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

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**Organization:** The person or entity holding or applying for certification and therefore responsible for demonstrating conformity to the applicable requirements upon which FSC certification is based.

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

**Outsourcing:** The practice of contracting an internal business process (i.e. activities or tasks that produce a specific service or product) to another organization. Outsourcing activities usually take place outside the organization's facilities. However, the organization may establish outsourcing agreements with other companies operating within its facilities when the organization has no control or supervision over the activities performed by the contractor.

**Participating site:** A site included in the scope of a multi-site or group certificate. Contractors that are used within the terms of outsourcing agreements are not considered participating sites.

**Percentage system:** FSC control system which allows outputs to be sold with FSC claims corresponding to the proportion of claim-contributing inputs in a job order or over a specified claim period.

**Physical possession:** Physical handling of FSC-certified materials and products by the organization (e.g. logging, storage, manufacturing, distribution). Transportation is not considered physical possession in the context of this standard.

**Post-consumer reclaimed material:** Forest-based material that is reclaimed from a consumer or commercial product that has been used for its intended purpose by an individual or household, or by a commercial, industrial, or institutional facility in its role as end-user of the product.

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

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

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

**Product group:** A product or group of products specified by the organization, which share basic input and output characteristics and thus can be combined for the purpose of control of FSC output claims and labelling.

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

**Publication date:** The date on which the approved FSC normative document is announced and published on the FSC website (usually a minimum of 90 days prior to the effective date).

**Reclaimed material:** Material that demonstrably would have otherwise been disposed of as waste, but has instead been collected and reclaimed as input material, in lieu of virgin material, for re-use, recycling, or re-milling in a manufacturing process or other commercial application. Inputs of the following material categories are classified as reclaimed material: FSC Recycled, post-consumer reclaimed, and pre-consumer reclaimed. This category excludes the reuse of virgin forest residues such as salvaged wood and other organic materials produced outside a forest matrix (e.g. agricultural residues).

**Retailer:** An organization that sells finished products to the public for use or consumption rather than for resale.

**Rolling average percentage:** The FSC percentage calculated for the claim period of a specific product group which is based on an average calculation of a specified number of previous claim periods, not greater than 12 months.

**Sales document:** A legal commercial instrument that attests to the sale of a product (e.g. invoice, bill of sale, contract of sale, or credit note), serving as a demand for payment and becoming a document of title when paid in full. It can be physical or electronic and it identifies both the trading parties, the items sold, and the quantities, dates of sale, and prices.

**Salvaged wood:** Wood that was:

- naturally felled (e.g. by storm or snow);
- felled and subsequently lost or abandoned (e.g. logs that sank to the bottom of a river or lake while being transported, felled trees never picked up in a logyard, logs washed up on shore);

- felled for purposes other than wood production (e.g. wood from orchard clearance, wood from road clearance, and urban harvested wood);
- submerged by water and abandoned as a consequence of artificial reservoirs and dam construction.

For the purposes of FSC CoC control and labelling, salvaged wood is considered as virgin material and shall be assessed as controlled material or sold as FSC Controlled Wood.

**Scope:** The organization's product groups, sites, and activities that are included in the evaluation by an FSC-accredited certification body, together with the certification standard(s) against which these have been audited.

**Site:** A single functional unit of an organization situated at one physical location, which is geographically distinct from other units of the same organization. Organization's sub-sites 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). Contractors that are used within the terms of outsourcing agreements (e.g. outsourced warehouse) are not considered sites. Typical examples for sites are processing or trading facilities such as manufacturing sites, sales offices, or warehouses owned by the organization.

**Small producer:** A forest management unit (FMU) or group of FMUs that meet the SLIMF eligibility criteria (FSC-STD-01-003a) and addenda and are thus eligible for the FSC Small and Community Label. For FM group certificate holders that include non-SLIMF FMUs, only the FMUs categorized as SLIMFs are considered small producers.

**Solid wood product:** A product that is composed of a solid piece of wood (e.g. log, beam, plank).

**Supplier:** An individual, company, or other legal entity providing forest-based input materials to the organization.

**Supply chain:** The network of companies producing, handling, and/or distributing a specific product, encompassing the steps it takes to transform a product from the raw material to the final product and its distribution to the end-customer.

**Timber legality legislation:** National or international legislation established to ban the illegal trade of forest products (e.g. EU Timber Regulation (EUTR), US Lacey Act, Australian Illegal Logging Prohibition Act).

**Trader:** A person or legal entity that buys and sells wood and/or non-timber forest products and who takes legal possession of the goods. Traders do not conduct any transformation of these products, either directly or through outsourcing.

**NOTE:** Installation of finished products, kiln drying of wood, the filling of packaging, and cutting to size are not considered product transformation.

**Trading partners:** Suppliers and customers of the organization for products purchased or sold with FSC claims.

**Transaction verification:** Verification by certification bodies and/or Accreditation Services International (ASI) that FSC output claims made by certificate holders are accurate and match with the FSC input claims of their trading partners.

**Transfer system:** FSC control system which allows outputs to be sold with an FSC claim that is identical to, or lower than, the input material category and, if applicable, the lowest associated percentage claim or credit claim.

**Transition period:** The period of time (usually one year) after the effective date in which the new version of an FSC normative document is phased-in and, in parallel, the old version is phased-out (where it exists). To allow for gradual introduction, both versions are valid for an overlapping period of time. Six months after the end of the transition period, certificates issued against the old version are considered invalid.

**Virgin material:** Primary material originating in natural forests or plantations. This category excludes reclaimed materials.



Forest Stewardship Council®

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