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# FSC STANDARD

## FSC Standard for Chain of Custody Certification

FSC-STD-40-004 (Version 2-0) EN

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## FSC STANDARD FOR CHAIN OF CUSTODY CERTIFICATION

### FSC-STD-40-004 (VERSION 2-0) EN

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The Forest Stewardship Council (FSC) is an independent, not for profit, non-government organisation based in Bonn, Germany.

The mission of the Forest Stewardship Council is to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

FSC develops, supports and promotes international, national and regional standards in line with its mission; evaluates, accredits and monitors certification bodies which verify the use of FSC standards; provides training and information; and promotes the use of products that carry the FSC logo.

## FOREWORD

In September 2004, the FSC Board of Directors endorsed “FSC-STD-40-004: FSC chain of custody standard for companies supplying and manufacturing FSC-certified products” (Version 1-0). During 2005, the FSC International Center has been mandated to monitor the uptake of and review these new standards taking into account experience with practical implementation and to resolve any outstanding issues.

Version 2-0 of FSC-STD-40-004 has been developed following three rounds of public consultations and discussions with the FSC Technical Working Group on Chain of Custody. It takes into account the various recommendations from the three Technical Working Group meetings held between October 2005 and February 2007 as well as the stakeholder inputs obtained on the various public drafts and on the FSC discussion paper “FSC-DIS-01-013: Review and Revision of the FSC Chain of Custody standard”.

This new standard version aims to make the overall FSC policy framework for Chain of Custody certification:

- a) simpler by integrating and/or replacing a number of currently applicable policies and Advice Notes (see Section B.3);
- b) stricter by phasing out special provisions for co-products and chip & fibre products;
- c) more consistent by applying the same set of requirements and making available the various options to all certificate holders; and
- d) more feasible by introducing new concepts such as the transfer system or by considering pre-consumer reclaimed material as eligible input in ‘FSC Recycled’ products products.

## TABLE OF CONTENTS

FOREWORD .....	3
TABLE OF CONTENTS .....	4
INTRODUCTION .....	5
NOTES ON USE OF THIS STANDARD .....	5
<b>Scope and General .....</b>	<b>6</b>
A Scope .....	6
B Status and effective date .....	6
C References.....	7
D Terms and definitions .....	8
<b>PART I: Universal Requirements .....</b>	<b>13</b>
1 Quality management.....	13
2 Scope of Chain of Custody system.....	14
3 Material sourcing.....	15
4 Material receipt and storage .....	16
5 Volume control .....	17
6 Sales and delivery.....	18
<b>PART II: Systems for controlling FSC claims.....</b>	<b>19</b>
7 Transfer system .....	19
8 Percentage system .....	20
9 Credit system .....	21
<b>PART III: Labelling.....</b>	<b>22</b>
10 General labelling requirements.....	22
11 Eligibility for labelling .....	22
<b>PART IV: Supplementary Requirements .....</b>	<b>23</b>
12 Outsourcing.....	23
13 Minor components .....	24
<b>ANNEX I: Comparison of the transfer, percentage and credit system [INFORMATIVE].....</b>	<b>25</b>

## INTRODUCTION

This standard specifies the required elements that shall be complied with for FSC Chain of Custody certification.

FSC Chain of Custody is an information trail about the path taken by products from the forest or, in the case of recycled materials, from the reclamation site to the consumer including each stage of processing, transformation, manufacturing, and distribution where progress to the next stage of the supply chain involves a change of ownership.

Any change of ownership in the supply chain requires the establishment of effective Chain of Custody management systems at the level of the respective organization and their verification by independent certification bodies, if the organization wants to make an FSC claim about their products. Developing and implementing Chain of Custody management systems is a way for organizations to effectively control their processing system and show their customers the origin of the material in their products.

FSC certification of such management systems is designed to provide a credible guarantee to customers, whether business, government or end consumer, that products which are sold (i.e. invoiced and possibly labelled) with a specified FSC certificate code are originating from well-managed forests, controlled sources, reclaimed materials, or a mixture of these. FSC Chain of Custody certification thereby facilitates the transparent flow of goods made from such materials through the supply chain.

An FSC Chain of Custody certificate provides information on the evaluated sites, processes and product groups from which such products may originate, and references the Chain of Custody standard(s) used in the evaluation by an FSC-accredited certification body.

Compliance with this standard provides a consistent, international basis for independent, third party verification of claims about the sourcing of wood/fibre material and products. It enables suppliers to demonstrate compliance with public or private procurement policies and specifications<sup>1</sup>.

A key objective of this standard is to provide a pathway for organizations to both enter the FSC system and/or increase the proportion of FSC-certified input material to 100%.

### NOTES ON USE OF THIS STANDARD

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

The requirements laid down in this standard constitute the minimum requirements for *Chain of Custody operations* to comply with in order to demonstrate that materials and products purchased, labelled and sold as FSC-certified are authentic and any associated claims are truthful and correct. It is the responsibility of the certification body to raise any additional evidence in order to substantiate its corresponding certification decisions, if this is deemed necessary.

The certification requirements are divided into four parts:

*Part I* includes the universal requirements for Chain of Custody control which apply to all *Chain of Custody operations*.

*Part II* presents the three control systems for making FSC claims on outputs, out of which organizations have to choose one system for each established FSC product group.

*Part III* contains the requirements and thresholds for using the FSC on-product labels.

*Part IV* provides supplementary requirements addressing specific situations for Chain of Custody control systems.

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

## Scope and General

### A Scope

This standard specifies the management and production requirements for Chain of Custody control with respect to sourcing, labelling (where applicable) and sale of products as FSC-certified, thereby providing a range of options for making *FSC claims*.

The standard is applicable to all *Chain of Custody operations* trading, processing or manufacturing wood based and non-timber forest products from *virgin and/or reclaimed materials* including the primary industry sector (harvesting, pre-processing) or, in the case of recycled materials, reclamation sites, the secondary sector (primary and secondary manufacturing), and the tertiary sector (trading, wholesale, retail, print services).

The standard defines and addresses the basic elements of a Chain of Custody management system:

- Quality management: responsibilities, procedures and records
- Product scope: definition of product groups and outsourcing arrangements
- Material sourcing: material specifications
- Material receipt and storage: identification and segregation
- Production control: control of quantities and determination of FSC claims
- Sales & delivery: invoicing and transport documentation
- Labelling: application of FSC labels on-product and labelling thresholds

It specifies the requirements under each system element that, if successfully implemented, allow *organizations* to sell and label products as *FSC Pure*, *FSC Mixed*, or *FSC Recycled*, or to sell materials as *FSC Controlled Wood*<sup>2</sup>.

This standard is applied at the *site* level of *Chain of Custody operations*.

Chain of Custody certification is required for *organizations* that want to

- produce<sup>3</sup> and sell<sup>4</sup> *FSC-certified materials or products*; or
- produce and promote<sup>5</sup> *FSC-certified products*; or
- trade<sup>6</sup> materials or products with *FSC claims*.

NOTE: Chain of Custody certification is not required for organizations that do not gain legal ownership of such materials or products but simply arrange for buyer and seller:

- a) to make a deal without taking physical possession (often called an 'agent'); or
- b) to transport the materials or products.

### B Status and effective date

#### B.1 Status

Approved by the FSC Board of Directors at their 46th meeting, November 2007.

Applicable from the date of publication.

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<sup>2</sup> Materials or products sold as *FSC Controlled Wood* may not carry any on-product FSC claims, FSC codes, or the FSC trademarks and are not considered to be FSC-certified.

<sup>3</sup> I.e. process, transform or mix *inputs* or make any changes to the *input* packaging or labelling resulting in a new product.

<sup>4</sup> I.e. invoice with *FSC claims*, enabling customers to consider materials and promote products as FSC-certified.

<sup>5</sup> I.e. present (merchandise) for customer acceptance through advertising, publicity, or business-to-business marketing communications.

<sup>6</sup> I.e. buy and sell without changing any product characteristics.

## B.2 Effective dates<sup>7</sup>

Applicant *organizations* seeking FSC Chain of Custody Certification shall be assessed against this standard from 1<sup>st</sup> of April 2008 onwards.

FSC-certified *organizations* holding an FSC Chain of Custody Certificate shall be assessed against this standard from 1<sup>st</sup> of January 2009 onwards.

NOTE: FSC-certified *organizations* holding an FSC Chain of Custody certificate who wish to implement the requirements of this standard before their 2009 audit, shall revise their documented procedures and control systems and submit them to their FSC-accredited certification bodies for desk approval. Compliance will be then checked on-site at their next audit or, if the certification body deems it necessary, at a specific on-site audit before approval.

## B.3 FSC normative documents superseded and replaced by this standard

<b>Code</b>	<b>Year</b>	<b>Title</b>
<i>Part 3.6 of FSC-MAN-20-001</i>	2002	<i>FSC Accreditation Manual: "Chain of Custody Certification Standards"</i>
<i>FSC-ADV-40-010</i>	2005	<i>FSC Requirements for Outsourcing</i> NOTE: Partly replaced by "FSC-STD-20-011 V1-0 Accreditation standard for Chain of Custody evaluations"
<i>FSC-ADV-40-012</i>	2007	<i>Printers – Chain-of-custody and Labelling Specifics</i>
<i>FSC-POL-40-001</i>	2000	<i>FSC Policy on Percentage Based Claims</i>
<i>FSC-POL-40-005</i>	2001	<i>FSC Policy for Brokers</i>
<i>FSC-POL-40-006</i>	2001	<i>FSC Policy for Printing and Publishing</i>
<i>FSC-STD-40-004 V1</i>	2004	<i>FSC Chain of Custody Standard for Companies Supplying and Manufacturing FSC-certified Products</i>

## C References

<b>Code</b>	<b>Version</b>	<b>Title</b>
<i>FSC-ADV-40-004</i>	2007	<i>Transitory requirements for Chain of Custody control and labelling</i>
<i>FSC-PRO-40-004</i>	1-0	<i>Minor components derogation applications</i>
<i>FSC-STD-40-004a</i>	1-0	<i>FSC Product Classification (Addendum to FSC-STD-40-004)</i>
<i>FSC-STD-40-004b</i>	1-0	<i>FSC Species terminology (Addendum to FSC-STD-40-004)</i>
<i>FSC-STD-40-005</i>	2-1	<i>FSC Standard for Company Evaluation of FSC Controlled Wood</i>
<i>FSC-STD-40-006</i>	1-0	<i>FSC Chain of Custody standard for project certification</i>
<i>FSC-STD-40-007</i>	1-0	<i>FSC Standard for Use of Reclaimed Material in FSC Product Groups and FSC-certified Projects</i>
<i>FSC-STD-40-201</i>	2-0	<i>FSC On-product Labelling Requirements</i>
<i>FSC-TMK-50-201</i>	1-0	<i>FSC Requirements for the Promotional Use of the FSC Trademarks by FSC Certificate Holders and Non-certified Commercial Organizations</i>

<sup>7</sup> The 'effective date' of a standard (version) specifies from which date onwards the (new version of a) standard must be implemented and – verified by the responsible conformity assessment provider – complied with by target users for the purposes specified by the 'scope' of the standard, thereby replacing any previous version of the standard (if not otherwise stated) or superseding other normative documents as specified by the standard.

## D Terms and definitions

In the following, definitions are provided that apply for key terms relating to this standard. These terms are put in *italics* throughout the standard. Cross-references are provided to related terms.

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

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

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

**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 make *promotional* claims. [→ *Chain of Custody*]

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

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

**Component:** An individual and distinguishable part of an assembled product. [→ *Minor components*]

**Controlled material:** *Virgin material* originating in non FSC-certified forests or plantations from *suppliers* included in the verification program of *organizations* certified according to FSC-STD-40-005. [→ *FSC Controlled Wood*]:

**Conversion factor:** The ratio between material quantity entering and leaving a given transformation process employed by the *organization*. The *conversion factor* is calculated by dividing the *output* (volume or weight) by the *input* (volume or weight) and is applied to each individual *component* of a *product group*.

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

**Credit claim:** Part of an *FSC claim* for *FSC Mixed* or *FSC Recycled* products which specifies that the full quantity can be used as *FSC input* or *post-consumer input* for subsequent calculations of *input percentages* or *FSC credit*. Applicable claims are "FSC Mixed Credit" or "FSC Recycled Credit". [→ *Percentage claim*]

**Credit system:** A Chain of Custody system applied at the *product group* level which allows a proportion of *outputs* to be sold with a *credit claim* corresponding to the quantity of *FSC* and *post-consumer inputs*. Considering the applicable *conversion factor(s)*, *FSC* and *post-consumer inputs* can be accumulated as *FSC credit* on a *credit account*. [→ *Percentage system*; → *Transfer system*]

**Eligible input:** *Virgin* and *reclaimed* material *input* that is eligible to enter a specific *FSC product group* depending on its *material category*. [→ *FSC input*; → *Post-consumer input*]

[Material category]	[Eligible for product group(s)]
a) <i>FSC Pure</i> material:	<i>FSC Pure, FSC Mixed</i>
b) <i>FSC Mixed</i> material:	<i>FSC Mixed</i>
c) <i>FSC Recycled</i> material:	<i>FSC Mixed, FSC Recycled</i>
d) <i>FSC Controlled Wood</i> :	<i>FSC Mixed, FSC Controlled Wood</i>
e) <i>controlled material</i> :	<i>FSC Mixed, FSC Controlled Wood</i>
f) <i>post-consumer reclaimed material</i> :	<i>FSC Mixed, FSC Recycled</i>
g) <i>pre-consumer reclaimed material</i> :	<i>FSC Mixed, FSC Recycled</i>

**Finished product:** Product that requires no further transformation in terms of processing or packaging prior to its intended end use.

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

**FSC certified material:** *FSC Pure*, *FSC Mixed* or *FSC Recycled* material that is supplied with an *FSC claim* by an *organization* which has been assessed by an FSC-accredited certification body for conformity with FSC Forest Management and/or Chain of Custody requirements. [→ *FSC-certified product*]

**FSC certified product:** *FSC certified material* that is eligible to carry an FSC label and to be promoted with the FSC trademarks. [→ *FSC certified material*]

**FSC claim:** Claim made on invoices for *FSC-certified material* or *FSC Controlled Wood* that specifies the *material category* and, for *FSC Mixed* and *FSC Recycled* products, an associated *percentage claim* or *credit claim*. The appropriate FSC claims for each *product group* and Chain of Custody control system are presented below:

[Product groups]	[Control system]	[FSC claim]
<i>FSC Pure</i>	<i>Transfer system</i>	"FSC Pure"
<i>FSC Mixed</i>	<i>Percentage system</i>	"FSC Mixed x%"
<i>FSC Mixed</i>	<i>Credit system</i>	"FSC Mixed Credit"
<i>FSC Recycled</i>	<i>Percentage system</i>	"FSC Recycled x%"
<i>FSC Recycled</i>	<i>Credit system</i>	"FSC Recycled Credit"
<i>FSC Controlled Wood</i>	<i>Transfer system</i>	"FSC Controlled Wood"

**FSC Controlled Wood:** *Virgin material* originating in non FSC-certified forests or plantations supplied with an *FSC claim* by a *supplier* which has been assessed by an FSC-accredited certification body for conformity with FSC Chain of Custody and/or FSC Controlled Wood requirements (FSC-STD-40-005 or FSC-STD-30-010). [→ *Controlled material*]

**FSC credit:** Amount of product (volume or weight) that can be sold from a *product group* with a *credit claim*. Applicable only when using the *credit system*. [→ *Input percentage*]

**FSC input:** *Input* of FSC-certified *virgin material* that counts towards the *input percentage* or towards the *FSC credit* for a *product group* as follows:

- material with an *FSC Pure claim* counts as the full quantity stated on the supplier invoice;
- material with an *FSC Mixed percentage claim* counts as the percentage of its quantity that is stated on the supplier invoice;
- material with an *FSC Mixed credit claim* counts as the full quantity stated on the supplier invoice;

[→ *Credit system*; → *Eligible input*; → *Percentage system*; → *Post-consumer input*]

**FSC Pure:** FSC-certified *virgin material* originating in FSC-certified forests or plantations that has not been mixed with material of another *material category* throughout the supply chain. *FSC Pure* products are eligible to be used in *FSC Pure* or *FSC Mixed product groups*. [→ *FSC Mixed*, → *FSC Recycled*]

**FSC Mixed:** FSC-certified *virgin material* based on *input* from FSC-certified, *controlled* and/or *reclaimed* sources, and supplied with a *percentage claim* or *credit claim*. *FSC Mixed* material is only eligible to be used in *FSC Mixed product groups*. [→ *FSC Pure*, → *FSC Recycled*]

**FSC Recycled:** FSC-certified *reclaimed material* based on exclusive *input* from reclaimed sources, and supplied with a *percentage claim* or *credit claim*. FSC Recycled material or products are eligible to be used in *FSC Mixed* or *FSC Recycled product groups*. [→ *FSC Pure*, → *FSC Mixed*]

**Input:** Raw materials, semi-finished or *finished products* that are procured or generated by an *organization*, and physically enter the production process or are traded under the scope of a specific FSC *product group*. [→ *Eligible input*, → *Output*]

**Input percentage:** Percentage of *FSC* and/or *post-consumer input* to a *product group* for a specific *claim period*. Applicable only when using the *percentage system*. [→ *FSC credit*]

**Material category:** Categories of *virgin* or *reclaimed* material that, if *eligible input*, can be used in FSC *product groups*:

- a) *FSC Pure* material
- b) *FSC Mixed* material
- c) *FSC Recycled* material
- d) *FSC Controlled Wood*
- e) *controlled material*
- f) *post-consumer reclaimed material*
- g) *pre-consumer reclaimed material*

**Minor components:** Forest based *components* of an *FSC Pure* or *FSC Mixed assembled product* constituting less than 5% of the weight or volume of the *virgin* and *reclaimed materials* in the product. Minor components can be exempted from the requirements for Chain of Custody control as specified by this standard.

**Non-timber forest product:** Material originating in forests or plantations which is not consisting of or derived from wood. *Non-timber forest products* other than cork used in the manufacturing of wood based products (i.e. products which are not classified as *non-timber forest product* according to the FSC *product classification*) are exempt from Chain of Custody control requirements. [→ *Non-forest based material*]

**Non-forest based material;** Material that comes from outside a forest matrix. Examples are non-wood plant fibres (e.g. flax used in the manufacture of a board classified as a wood-based panel, or of a composite product), synthesized or inorganic materials (e.g. glass, metal, plastics, fillers, brighteners, etc.), but do not include *non-timber forest products* or *salvaged wood*. *Non-forest based materials* used in FSC *product groups* are exempt from Chain of Custody control requirements. [→ *Reclaimed material*; → *Virgin material*]

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

**Organization<sup>8</sup>:** Individual, company or other legal entity responsible for the implementation of the standard.

**Output:** Raw materials, semi-finished or *finished products* that are produced and/or supplied by an *organization* with an *FSC claim*. [→ *Eligible input*; → *Input*]

**Percentage claim:** Part of an *FSC claim* for *FSC Mixed* or *FSC Recycled* products that specifies the *percentage* of their *FSC* or *post-consumer input*, respectively. Buyers of such products must use the *percentage claim* for subsequent calculations of *input percentages* or *FSC credit*. [→ *Credit claim*]

**Percentage system:** A Chain of Custody system applied at the *product group* level which allows all outputs to be sold with a *percentage claim* that corresponds to the proportion of *FSC* and *post-consumer input* over a certain period in time. [→ *Credit system*; → *Transfer system*]

**Post-consumer input:** *Input* of *post-consumer reclaimed* and *FSC Recycled* material that counts towards the *input percentage* or towards the *FSC credit* for a *product group* as follows:

- a) *Post-consumer reclaimed material* counts as the full quantity stated on the supplier invoice;
- b) *material with an FSC Recycled percentage claim* counts as the percentage of its quantity that is stated on the supplier invoice;.
- c) *material with an FSC Recycled credit claim* counts as the full quantity stated on the supplier invoice.

[→ *Credit system*; → *Eligible input*; → *FSC input*; → *Percentage system*]

**Post-consumer reclaimed material:** Material that is reclaimed from a consumer or commercial product that has been used for its intended purpose by individuals, households or by commercial, industrial and institutional facilities in their role as end-users of the product. [→ *FSC Recycled*; → *Pre-consumer reclaimed material*; → *Post-consumer input*; → *Reclaimed material*]

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<sup>8</sup> In order to remain compatible with ISO definitions, the following terms referring to the supply chain are used: *supplier* » *organization* » *customer*.

**Pre-consumer reclaimed material:** 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. [→ *Co-product*; → *Post-consumer reclaimed material*; → *Primary manufacture*; → *Reclaimed material*]

**Primary manufacturing:** Any processing that transforms roundwood into materials other than roundwood. For *chip and fibre products*, *primary manufacturing* includes the pulp mill as well as the paper mill stage.

**Procedure:** A specified way to carry out an activity or process. Procedures can be documented or not.

**Product classification:** The FSC *product classification* is based on the United Nations Statistics Division (UNSD) “Central Product Classification (CPC)” as well as on the related Standard International Trade Classification (SITC). It is made up of a hierarchical system of product classes and associated *product types*. [see “FSC-STD-40-004a: FSC Product classification”]

**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 FSC Chain of Custody control, percentage calculations and labelling according to the FSC *material categories*: *FSC Pure*, *FSC Mixed*, *FSC Recycled* or *FSC Controlled Wood*.

**Product type:** A general description of *outputs* based on a categorization or classification system. Examples of *product types* according to the FSC *product classification* are: ‘logs of coniferous wood’, ‘wood charcoal’, ‘chemical wood pulp’, ‘garden furniture’, or ‘particle board’.

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

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

- a) *FSC Recycled material*;
  - b) *Post-consumer reclaimed material*;
  - c) *Pre-consumer reclaimed material*.
- [→ *Virgin material*]

**Salvaged wood;** Wood that has been felled for reasons other than obtaining its lumber, or which was felled for its lumber and subsequently lost or abandoned. Examples include lake/river salvage (logs/timber that sank to the bottom of a river or lake while being transported), wood from orchard clearance, wood from road clearance and urban harvested wood. For the purposes of FSC Chain of custody Control and labelling *salvaged wood* is considered as *virgin material* and shall be controlled for use in FSC *product groups*.

**Scope:** The *scope* of a Chain of Custody certificate defines the *organization's sites*, *product groups*, 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* or a combination of units situated at one locality, which is geographically distinct from other units of the same *organization*. One or more sub-sites may be regarded as part of a *site* if they are an extension of the main *site* with no purchasing, processing or sales functions of their own (e.g. a remote stockholding and despatch site).

**Solid wood products:** Products that constitute a single, solid piece of wood, such as a log, beam or plank. [→ *Assembled products*; → *Chip and fibre products*]

**Species terminology:** The FSC *species terminology* is a compilation of the scientific and common names of tree species used in the international trade, sorted according to their overall category (‘conifers’ vs. ‘deciduous’), genus/species and existing varieties. The hardwood species terminology follows the the database compiled by Richter, H.G., and Dallwitz, M.J. (2000 onwards): “Commercial timbers: descriptions, illustrations, identification, and information retrieval. In English, French, German, Portuguese, and Spanish. Version: 16th April 2006” which is available online at <http://delta-intkey.com>. [see “FSC-STD-40-004b: FSC Species terminology”]

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

**Transfer system:** A Chain of Custody system applied at the *product group* level, which allows *outputs to be sold* with an *FSC claim* that is identical to the *material category* and, if applicable, the associated *percentage claim* or *credit claim* with the lowest *FSC* or *post-consumer input* per input volume. [→ *Credit system*; → *Percentage system*]

**Transport documentation:** Covers all types of delivery, both international shipping documents and local delivery notes.

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

- a) *FSC Pure*;
  - b) *FSC Mixed*;
  - c) *FSC Controlled Wood*;
  - d) *Controlled material*.
- [→ *Reclaimed material*]

## PART I: Universal Requirements

Part I includes the FSC Chain of Custody requirements which apply to all *Chain of Custody operations*.

### 1 Quality management

#### 1.1 Responsibilities

- 1.1.1 The *organization* shall appoint a management representative as having overall responsibility and authority for the *organization's* compliance with all applicable requirements of this standard.
- 1.1.2 All relevant staff shall demonstrate awareness of the *organization's procedures* and competence in implementing the *organization's* Chain of Custody management system.

#### 1.2 Procedures

- 1.2.1 The *organization* shall establish, implement and maintain *procedures* and/or work instructions covering all applicable requirements of this standard, according to its scale and complexity.
- 1.2.2 The *organization* shall define the personnel responsible for each *procedure*, together with the qualifications and/or training measures required for its implementation.

#### 1.3 Training

- 1.3.1 The *organization* shall establish and implement a training plan according to the qualifications and/or training measures defined for each *procedure*.
- 1.3.2 The *organization* shall keep records of the training provided to staff in relation to implementation of this standard.

#### 1.4 Records

- 1.4.1 The *organization* shall maintain complete and up-to-date records covering all applicable requirements of this standard.
- 1.4.2 Retention time for all records and reports, including purchase and sales documents, training records, production records, volume summaries, and trademark approvals, shall be specified by the *organization* and shall be at least five (5) years.

## 2 Scope of Chain of Custody system

### 2.1 Product groups

2.1.1 The *organization* shall establish *FSC product groups* for all products that will be sold with *FSC claims* and shall maintain an up-to-date and publicly available *FSC product group* list with the following information:

- a) specification of the *product group* as *FSC Pure*, *FSC Mixed*, *FSC Recycled* or *FSC Controlled Wood*<sup>9</sup>;
- b) *product type(s)* according to the *FSC product classification*;
- c) species according to the *FSC species terminology* used as *inputs* to the *product group*, if information on species composition is commonly used to designate the product characteristics.

2.1.2 The *organization* shall specify for each *product group*:

- a) the *material categories* used as *input*;
- b) the control system used for making *FSC claims*:
  - i. *transfer system*;
  - ii. *percentage system*; or,
  - iii. *credit system*;
- c) the *sites* involved in management, production, storage, sale, etc.

2.1.3 For *product groups* where a *percentage* or *credit system* based on *claim periods* is used, the *organization* shall ensure that all included products share similar specifications in relation to:

- a) quality of *inputs*;
- b) *conversion factors*.

### 2.2 Outsourcing

2.2.1 The *organization* shall follow the requirements specified in Part IV, Section 12 of this standard for any outsourced activities covering products included within the *FSC product group* list.

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<sup>9</sup> The production of *FSC Pure* product requires the exclusive use of *FSC Pure inputs*.  
For *FSC Mixed product groups* both, *FSC input* and *post-consumer input* count towards the *input percentage* or towards the *FSC credit*.  
The production of *FSC Recycled* products requires the exclusive use of *reclaimed material inputs* (*FSC Recycled, post-consumer* and *pre-consumer reclaimed material*). Only *post-consumer input* counts towards the *input percentage* or towards the *FSC credit*.  
An *FSC Controlled Wood product group* is only possible for trading activities with other FSC certificate holders related to raw or semi-finished materials and when the organization is evaluated against FSC-STD-40-005.

### 3 Material sourcing

#### 3.1 Input specifications

- 3.1.1 The *organization* shall adopt and use the definitions and categorization of *input* materials as specified by this standard.
- 3.1.2 The *organization* shall categorize all *inputs* to FSC *product groups* by their *material category*; and shall ensure that only *eligible inputs* are used.

#### 3.2 Supplier validation

- 3.2.1 The *organization* shall establish and maintain an up-to-date record of all *suppliers* who are supplying material used for FSC *product groups* including:
- the supplied *product type*;
  - the supplied *material category*;
  - the *supplier's* FSC Chain of Custody or FSC Controlled Wood code, if applicable.
- 3.2.2 The *organization* shall verify the validity and *scope* of the *supplier's* FSC certificate for any changes that might affect the availability and authenticity of the supplied products via [www.fsc-info.org](http://www.fsc-info.org).

#### 3.3 Purchase of non-certified material

- 3.3.1 For the purchase of *controlled material*, the *organization* shall comply with the applicable requirements of "FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood".
- 3.3.2 For the purchase of non-certified *reclaimed material*, the *organization* shall comply with the provisions of "FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects".

#### 3.4 Generating raw material on site

- 3.4.1 *Organizations* which generate *input* material for an FSC *product group* at their own *site* shall identify the *material category* and, if applicable, the associated *percentage claim* or *credit claim* as follows:
- material produced during the process of *primary manufacture* of another (principal) product, from the same *input*, shall be considered as belonging to the same *material category* as the *input* from which it was (co-)produced;<sup>10</sup>
  - material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it, shall be considered as belonging to the same *material category* as the *input* from which it was derived or as *pre-consumer reclaimed material*.
- 3.4.2 The *organization* shall classify mixtures of different *virgin or reclaimed material categories*, where the proportions of the different *inputs* cannot be identified, by the *material category* and, if applicable, *percentage* or *credit claim* with the lowest FSC or *post-consumer input* per input volume.

NOTE: Material mixtures of FSC-certified, controlled and/or *reclaimed material*, where the proportions of the different *inputs* cannot be identified, shall be classified as 'controlled material'.

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<sup>10</sup> See FSC Advice Note "Transitory requirements for Chain of Custody control and labelling" (FSC-ADV-40-004).

## 4 Material receipt and storage

### 4.1 Identification of input

- 4.1.1 On receipt of material or prior to further use or processing the *organization* shall check the *supplier* invoice and supporting documentation to ensure the following:
- a) the supplied material quantities and quality are in compliance with the supplied documentation;
  - b) the *material category* and, if applicable, the associated *percentage* or *credit claim* is stated for each product item or for the total products;
  - c) the *supplier's* FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with *FSC claims*.

### 4.2 Segregation

- 4.2.1 The *organization* shall ensure that *inputs* used for FSC *product groups* remain clearly identifiable and separable by *product group*<sup>11</sup> or, if identical inputs are used for more than one FSC *product group*, by their associated *FSC claim*<sup>12</sup>.

### 4.3 Precautions for labelled material

- 4.3.1 For materials received with an FSC label the *organization* shall ensure the following:
- a) material which will be further processed shall be cleared of any labels or segregation marks before sale;<sup>13</sup>
  - b) material which shall be sold unchanged shall be checked by the organization for being correctly<sup>14</sup> labelled according to its FSC *material category* unless the organization does not gain physical possession of the material .
- 4.3.2 For materials received with a label from other *forestry conformity assessment schemes*, the organization shall ensure that the materials are cleared of any such labels before sale with an FSC claim.

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<sup>11</sup> I.e. separable from *input* used for other FSC *product groups* or for non-certified products.

<sup>12</sup> I.e. identifiable and separable in total from other non-identical *input*.

<sup>13</sup> This does not apply in cases where due to product characteristics the label is inseparable (e.g. print materials).

<sup>14</sup> In cases where the organization identifies or has been informed about mislabelled (improperly or incompletely labelled) products or discrepancies in the accompanying documentation, it shall inform its FSC-accredited certification body and await his approval or guidance on appropriate actions before such products are put on the market.

## 5 Volume control

### 5.1 Conversion factors

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

### 5.2 Material balances

- 5.2.1 For each *product group* the *organization* shall establish a material accounting record to ensure that at all times the quantities produced and/or sold with *FSC claims* are compatible with the quantities of *inputs*<sup>15, 16</sup> from different *material categories*, their associated *percentage* or *credit claims*, and the *product group conversion factor(s)*. The accounting record shall include at least the following information:

For *inputs* and *outputs*:

- a) invoice references;
- b) quantities (by volume or weight)<sup>17</sup>;

For *inputs*:

- c) *material category* and, if applicable, *percentage claim* or *credit claim*;

For *outputs*:

- d) *FSC claim*;
- e) information to identify the product item in invoices;
- f) applicable *claim period* or job order.

- 5.2.2 For each *product group* the *organization* shall prepare annual volume summaries providing quantitative information for each *material category* received/used and *product type* produced/sold, as follows:
- a) *inputs* received;
  - b) *inputs* used for production (if applicable);
  - c) *inputs* still in stock;
  - d) *outputs* still in stock;
  - e) *outputs* sold.

### 5.3 Determination of FSC claims

- 5.3.1 The organization shall determine for each *claim period* or job order the appropriate *FSC claim* according to one of the following control systems specified for the *product group*:
- a) *transfer system* (Part II, Section 7): applicable to all *product groups*;
  - b) *percentage system* (Part II, Section 8): applicable to *FSC Mixed* and *FSC Recycled product groups*;
  - c) *credit system* (Part II, Section 9): applicable to *FSC Mixed* and *FSC Recycled product groups*.

NOTE: For *FSC Pure product groups* the *transfer system* shall be applied.

- 5.3.2 For each *product group* the *organization* shall carry out calculations of *input percentages* (under a percentage system) or *FSC credit* (under a credit system) at the level of a single *site*.

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<sup>15</sup> *Inputs* that have not been mixed with *inputs* of a different *material category* only need to be recorded in the inventory on physical entry into the (production or other) process specified by the scope of the Chain of Custody certificate. This applies for example where drying processes are employed prior to processing.

<sup>16</sup> *Organizations* in the certification process may use towards their input calculations material held in their stock at the time of the main assessment as well as material received between the date of the main assessment and the issue date of the *organization's* FSC Chain of Custody certificate. However, the *organization* may not sell any material with *FSC claims* prior to holding an FSC Chain of Custody certificate.

<sup>17</sup> If information on volume or weight is not available (e.g. for traders) the number of pieces may suffice.

## 6 Sales and delivery

### 6.1 Identification of outputs sold with FSC claims

- 6.1.1 The organization shall ensure that all invoices issued<sup>18</sup> for *outputs* sold with *FSC claims* include the following information:
- a) name and contact details of the *organization*;
  - b) name and address of the customer;
  - c) date when the document was issued;
  - d) description of the product;
  - e) quantity of the products sold;
  - f) the *organization's* FSC Chain of Custody or *FSC Controlled Wood* code;
  - g) clear indication of the *FSC claim* for each product item or the total products as follows:
    - i. the claim "FSC Pure" for products from *FSC Pure product groups*;
    - ii. the claim "FSC Mixed x%" where 'x' represents the applicable *percentage claim* for products from *FSC Mixed product groups* under a *percentage system*;
    - iii. the claim "FSC Mixed Credit" for products from *FSC Mixed product groups* under a *credit system*;
    - iv. the claim "FSC Recycled x%" where 'x' represents the applicable *percentage claim* for products from *FSC Recycled product groups* under a *percentage system*;
    - v. the claim "FSC Recycled Credit" for products from *FSC Recycled product groups* under a *credit system*;
    - vi. the claim "FSC Controlled Wood" for products from *FSC Controlled Wood product groups* or for products from *FSC Mixed product groups* that will not be sold as FSC-certified.
  - h) if separate transport documents are issued, information sufficient to link the invoice and related *transport documentation* to each other.

NOTE: For supplies of *finished products* that meet the labelling thresholds specified in Section 11 the *organization* may omit the percentage or credit information in sales and *transport documentation*. In this case, however, the material has lost its information on *FSC* or *post-consumer input* for subsequent customers and therefore may not be further re-sold with *FSC claims*.

- 6.1.2 The *organization* shall include the same information as required in clause 6.1.1 in the related transport documentation, if the invoice (or copy of it) is not included with the shipment of the product.
- 6.1.3 Organizations selling semi-finished products with FSC claims shall provide information by invoices, *transport documentation* and/or supplementary letters on the quantity (volume or weight) of *minor components* which are exempt from requirements for Chain of Custody control and labelling, if their proportion exceeds 1% of the product volume or weight.

### 6.2 Labelling of products sold with FSC claims

- 6.2.1 The *organization* shall ensure that products which carry an FSC label are always sold with the corresponding *FSC claim* on their sales and *transport documentation*.
- 6.2.2 The *organization* shall ensure that products sold with an *FSC claim* do not carry any labels from other *forestry conformity assessment schemes*.

### 6.3 Supplying *FSC Controlled Wood*

- 6.3.1 The *organization* shall ensure that the sale of *FSC Controlled Wood* is in compliance with Part 4 of "FSC-STD-40-005: FSC Standard for Company Evaluation of FSC Controlled Wood".

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<sup>18</sup> In cases where systems of Electronic Data Interchange (EDI) are employed and no written invoices are issued, alternative evidence shall be provided to demonstrate the FSC status of supplied products equivalent to the information as required by 6.1.1.

## PART II: Systems for controlling FSC claims

Part II presents the three systems for making *FSC claims* on *outputs*. *Organizations* shall choose one for each *FSC product group*:

- Section 7: Transfer system;
- Section 8: Percentage system;
- Section 9: Credit system.

### 7 Transfer system

The *transfer system* shall be used for trading activities related to *finished products* and for the production of *FSC Pure product groups*. In addition, it can also be used for other *FSC product groups* in the following situations:

- *FSC Mixed product groups*:
  - mixtures of *FSC Pure* and *FSC Mixed inputs*;
  - exclusive use of *FSC Mixed inputs*;
- *FSC Recycled product groups*:
  - exclusive use of *FSC Recycled* and/or *post-consumer reclaimed material*;
- *FSC Controlled Wood product groups*.

#### 7.1 Specification of claim periods or job orders

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

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

#### 7.2 Inputs with identical FSC claims

7.2.1 For *claim periods* or job orders in which *inputs* belong to only one *material category* carrying an identical *FSC claim*, the *organization* shall determine this to be the corresponding *FSC claim* for the *outputs*.

NOTE: If the *input* consists of 100% *post-consumer reclaimed materials* the *output FSC claim* shall be "FSC Recycled 100%".

#### 7.3 Inputs with different FSC claims

7.3.1 For *claim periods* or job orders in which *inputs* of different *material categories* or associated *percentage claims* or *credit claims* are mixed the *organization* shall use the *FSC claim* with the lowest *FSC* or *post-consumer input* per input volume as the *FSC claim* for the *outputs*.

NOTE: *Inputs* with an 'FSC Mixed Credit' claim or an 'FSC Recycled Credit' claim shall be considered as having a lower standing than inputs with an 'FSC Pure' or an 'FSC Recycled 100%' claim, respectively.

## 8 Percentage system

The *percentage system* can be used for *FSC Mixed* and *FSC Recycled product groups*. It is not applicable for trading activities related to *finished products* and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) *site*.

### 8.1 Specification of claim periods or job orders

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

### 8.2 Determination of FSC and post-consumer input

8.2.1 For *FSC Mixed* and/or *FSC Recycled inputs*, the *organization* shall use the *percentage claim* or *credit claim* stated on the *supplier invoice* to determine the quantities of *FSC* and *post-consumer inputs*.

NOTE: Material supplied with a *credit claim* shall be used by its full quantity as *FSC input* or *post-consumer input*, respectively.

### 8.3 Calculation of the input percentage

8.3.1 The *organization* shall calculate and record the *input percentage* for each *claim period* or job order using the following formula:

$$\%_{input} = \frac{Q_{FSC} + Q_{post-consumer}}{Q_{total}} \times 100$$

$\%_{input}$  = input percentage

$Q_{FSC}$  = quantity of *FSC input*

$Q_{post-consumer}$  = quantity of *post-consumer input*

$Q_{total}$  = total quantity of *virgin material* and *reclaimed material inputs*

8.3.2 For each *product group*, the *organization* shall calculate the *input percentage* 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).

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

8.3.3 The time period over which the *input percentage* is calculated shall not exceed 12 months, unless otherwise warranted by nature of the business and approved by the *FSC-accredited certification body*.

### 8.4 FSC claims for outputs

8.4.1 The *organization* may sell the total *output* of a *claim period* or job order from *FSC Mixed product groups* with a *percentage claim* that is identical to or lower than the calculated *input percentage*.<sup>19</sup>

8.4.2 The *organization* may sell the total *output* of a *claim period* or job order from *FSC Recycled product groups* with a *percentage claim* that is identical to or lower than the calculated *input percentage*.

8.4.3 The *organization* may sell as *FSC Controlled Wood* the portion of the *output* of a *claim period* that has not been sold with an *FSC percentage claim*.<sup>20</sup>

### 8.5 Promotion of products

8.5.1 The *organization* shall ensure that the *FSC trademarks* are not used for the *promotion* of products which do not meet the thresholds for labelling specified in Part III of this standard.

<sup>19</sup> E.g., if the *input percentage* is 80%, then all (100%) of the outputs may be sold with an 'FSC Mixed 80%' claim.

<sup>20</sup> The sale of *FSC Controlled Wood* must be covered by the scope of the *organization's Chain of Custody certificate*.

## 9 Credit system

The *credit system* can be used for *FSC Mixed* and *FSC Recycled product groups*. It is neither applicable for print processes nor for trading activities related to *finished products*. The *credit system* can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) *site*.

### 9.1 Specification of claim periods

9.1.1 For each *product group*, the *organization* shall set up and maintain an *FSC credit account* with specified *claim periods* of up to 3 months according to which additions and deductions of *FSC credits* shall be recorded.

### 9.2 Determination of FSC and post-consumer input

9.2.1 For *FSC Mixed* and/or *FSC Recycled inputs*, the *organization* shall use the *percentage claim* or *credit claim* stated on the *supplier invoice* to determine the quantities of *FSC* and *post-consumer inputs*.

NOTE: Material supplied with a *credit claim* shall be used by its full quantity as *FSC input* or *post-consumer input*, respectively.

### 9.3 Adding FSC credit to the credit account

9.3.1 The *organization* shall add the converted quantity (volume or weight) of *FSC* and *post-consumer inputs* as *FSC credit* to the *FSC credit account* using the *conversion factor(s)* specified for each *component* of the *product group*.

9.3.2 The *organization* shall add the *FSC credit* to the *credit account* after the *organization* has gained legal ownership and the *material category* has been verified, and before the material enters the production process.

### 9.4 Withdrawing FSC credit from the credit account

9.4.1 The *organization* shall deduct the quantity sold and/or labelled as *FSC Mixed* or *FSC Recycled* from the available *FSC credit* in the *product group credit account*.

### 9.5 Credit account management

9.5.1 The *organization* shall ensure that the *FSC credit account* is never overdrawn and that records of the remaining *FSC credit* are clearly visible to relevant staff and maintained updated at all times.

9.5.2 The *organization* shall not accumulate more *FSC credit* in the *credit account* than the sum of new *FSC credit* that has been added during the previous 12 months. Any *FSC credit* that exceeds this total new *FSC credit* shall be deducted at the beginning of each new *claim period* from the *credit account*.

### 9.6 FSC claims for outputs

9.6.1 At any time the *organization* may sell material from *FSC Mixed product groups* with a *credit claim* up to the total *FSC credit* available in the *credit account*.

9.6.2 At any time the *organization* may sell material from *FSC Recycled product groups* with a *credit claim* up to the total *FSC credit* available in the *credit account*.

9.6.3 The *organization* may supply as *FSC Controlled Wood* the portion of the *output volume* that has not been sold as *FSC Mixed* or *FSC Recycled* material, on the basis of a corresponding *FSC Controlled Wood credit account*.<sup>21</sup>

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<sup>21</sup> See footnote 20 above.

## PART III: Labelling

Part III contains the requirements and percentage thresholds for using the FSC labels *on-product*.

### 10 General labelling requirements

#### 10.1 Application of FSC labels

10.1.1 *Organizations* applying an FSC label *on-product* shall ensure the following:

- a) products shall only be FSC-labelled if they comply with the applicable requirements of this standard;
- b) products shall be labelled in compliance with “FSC-STD-40-201: FSC On-product labelling requirements”;

### 11 Eligibility for labelling

#### 11.1 FSC ‘100%’ label

11.1.1 All products from *FSC Pure product groups* can be labelled with the FSC ‘100%’ label.

#### 11.2 FSC ‘Mixed Sources’ label

11.2.1 Products from *FSC Mixed product groups* under a *transfer system* can be labelled with the FSC ‘Mixed Sources’ label if the identified *FSC claim* for the outputs is one of the following:

- a) an ‘FSC Mixed’ *percentage claim* of at least 70%<sup>22</sup>; or
- b) an ‘FSC Mixed Credit’ claim.

11.2.2 Products from *FSC Mixed product groups* under a *percentage system* can be labelled with the FSC ‘Mixed Sources’ label if their applicable *percentage claim* is at least 70%.<sup>22</sup>

11.2.3 Products from *FSC Mixed product groups* under a *credit system* can be labelled with the ‘FSC Mixed Sources’ label if there is sufficient *FSC credit* available on the *credit account* for the *product group*.

NOTE: The respective product volume or weight shall be deducted from the *FSC credit account* once the products are labelled.

#### 11.3 FSC ‘Recycled’ label

11.3.1 Products from *FSC Recycled product groups* under a *transfer system* can be labelled with the FSC ‘Recycled’ label if the identified *FSC claim* for the outputs is one of the following:

- a) an ‘FSC Recycled’ *percentage claim* of at least 85%; or
- b) an ‘FSC Recycled Credit’ claim.

11.3.2 Products from *FSC Recycled product groups* under a *percentage system* can be labelled with the FSC ‘Recycled’ label if their applicable *percentage claim* is at least 85%.

11.3.3 Products from *FSC Recycled product groups* under a *credit system* can be labelled with the FSC ‘Recycled’ label if there is sufficient *FSC credit* available on the *credit account* for the *product group*.

NOTE: The respective product volume shall be deducted from the *FSC credit account* once the products are labelled.

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<sup>22</sup> See FSC Advice Note “Transitory requirements for Chain of Custody control and labelling” (FSC-ADV-40-004).

## PART IV: Supplementary Requirements

Part IV provides supplementary requirements addressing specific situations for Chain of Custody control systems. Compliance is only required if the organization is outsourcing some or all of its activities (Section 12) or makes use of the exemption for minor components (Section 13).

### 12 Outsourcing

NOTE: *Organizations* that outsource work on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.

#### 12.1 Pre-conditions for outsourcing

12.1.1 *Organizations* which wish to include outsourcing within the scope of their FSC chain of custody certificate shall ensure the following:

- a) the *organization* has legal ownership of all *input* material to be included in outsourced processes;
- b) the *organization* does not relinquish legal ownership of the materials during outsourced processing;
- c) the *organization* has an agreement or contract covering the outsourced process with each contractor. This agreement or contract shall include a clause reserving the right of the FSC-accredited certification body to audit the outsourcing contractor or operation;
- d) the *organization* has a documented control system with explicit *procedures* for the outsourced process which are shared with the relevant contractor.

NOTE: Where the outsourced process would not usually involve the physical re-possession of the material following outsourced processing, the *organization* is not required to re-take physical possession.

#### 12.2 Maintaining traceability and paper trails

12.2.1 The *organization's* control system for the outsourced process shall ensure that:

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

#### 12.3 Records

12.3.1 The *organization* shall record the names and contact details of all contractors used for the processing or production of *FSC-certified materials*.

12.3.2 The *organization* shall inform its certification body about the names and contact details of any new contractor used for the processing or production of *FSC-certified materials* prior to outsourcing.

#### 12.4 Invoicing

12.4.1 The *organization* shall issue the final invoice for the processed or produced *FSC-certified material* following outsourcing. The invoice shall state the certificate holder's Chain of Custody certificate number.

NOTE: If the *organization* has not issued the final invoice for the processed or produced *FSC-certified material* following completion of outsourced processing, then the material shall not be sold with *FSC claims*.

## 12.5 Labelling

12.5.1 The *organization* shall ensure that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement.

## 12.6 Promotion

12.6.1 The *organization* shall ensure that the contractor does not use the FSC Trademarks for *promotional* use.

## 12.7 Preclusion of subcontracting

12.7.1 The *organization* shall ensure that contractors do not themselves outsource processing, i.e. the material may not pass from one outsourcing contractor to another under the outsourcing agreement.

# 13 Minor components

NOTE: In justified cases the *organization* may use *inputs* which can not be positively identified as *eligible input* in order to manufacture *minor components* of *FSC Pure* or *FSC Mixed assembled products*.

## 13.1 Specification and volume control

13.1.1 For *FSC Pure* or *FSC Mixed product groups*, the *organization* may specify *minor components* that can be exempt from the requirements for Chain of Custody control and labelling.

13.1.2 The *organization* shall not specify the following *components* as *minor components*:

- a) *Solid wood veneer* used as visible face veneer on top of other materials;
- b) *Components* made from species listed in CITES<sup>23</sup> Appendices I, II or III.

13.1.3 The *organization* shall demonstrate that the quantity of material entering *minor components* which have been identified as exempt from requirements for Chain of Custody control and labelling is less than 5% the weight or volume of the *virgin* and *reclaimed materials* in the product.

## 13.2 Rationale and action plan

13.2.1 For *minor components* up to 1% of the volume or weight of the *virgin* and *reclaimed materials* in the product, the *organization* shall provide in writing an accurate and up-to-date justification why the material for the specified *components* could not be sourced from FSC-certified, controlled or reclaimed material.

13.2.2 For *minor components* between<sup>24</sup> 1% and 5% of the volume or weight of the *virgin* and *reclaimed materials* in the product, the *organization* shall follow the procedures outlined in "FSC-PRO-40-004: Minor components derogation applications".

NOTE Without a valid derogation, use of uncontrolled material by an organization in *minor components* which constitute more than 1% of the volume or weight of the *virgin* and *reclaimed materials* in an *FSC Pure* or *FSC Mixed assembled product* shall prevent the issue of an FSC Chain of Custody certificate or, if the *organization* is an FSC Chain of Custody certificate holder, shall lead to the immediate suspension of the certificate.

## 13.3 On-product declaration

13.3.1 The *organization* shall include an *on-product* statement on FSC-labelled products indicating that the product contains *components* that are not covered by *FSC claims* and shall specify any visible *minor components*.

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<sup>23</sup> CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) is an international agreement between governments. Its aim is to ensure that international trade in specimens of wild animals and plants does not threaten their survival. [Source: <http://www.cites.org>]

<sup>24</sup> "between" shall be interpreted as not including the subsequent percentage figures, i.e. as 'more than 1%' and 'less than 5%'.

## ANNEX I: Comparison of the transfer, percentage and credit system [INFORMATIVE]

The following graphics explain the basic functionality of the various Chain of Custody systems for controlling *FSC claims* [see Sections 7–9] by means of production scenarios with differing inputs:

### Inputs

- = FSC input: 'FSC Pure'
- ◐ = FSC input: 'FSC Mixed 70%'
- = Controlled input

### Outputs

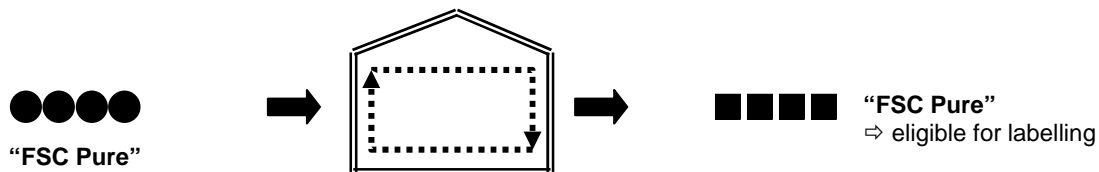
- = 'FSC Pure'
- ◑ = 'FSC Mixed' with *percentage* or *credit claim*
- = 'FSC Controlled Wood' claim

### 1. Transfer system

Under the *transfer system* the *material category* and associated *claim* with the lowest *FSC input* (for *inputs of virgin material*) or *post-consumer input* (for *inputs of reclaimed material*) per input volume has to be identified.

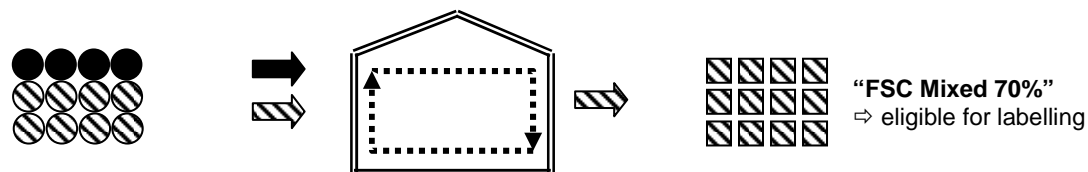
NOTE: The transfer system cannot be applied to mixtures of virgin and reclaimed materials or to material mixtures that include materials with neither *FSC input* nor *post-consumer input*.

#### Scenario A: Material input with a single FSC claim



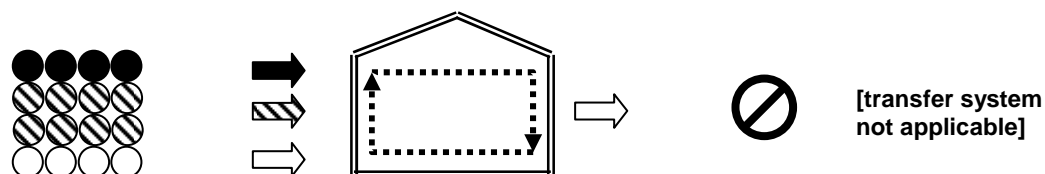
The *transfer system* is particularly useful in cases where only a single material *input* is used as e.g. in the case of 'FSC Pure' *product groups*. In these cases the input claim is simply transferred to the output.

#### Scenario B: Inputs with different FSC claims



In the second example a mixture of 'FSC Pure' and 'FSC Mixed 70%' material input is used. In this case the *material category* with the lowest *FSC input* per input volume is 'FSC Mixed 70%' which therefore can be transferred as applicable *FSC claim* for the *output*. This scenario is applicable for users who are either unable or do not want to calculate the exact *FSC input* to their production but only want to ensure a certain minimum *FSC claim* for their *outputs*.

#### Scenario C: Inputs with different FSC claims and without FSC claims

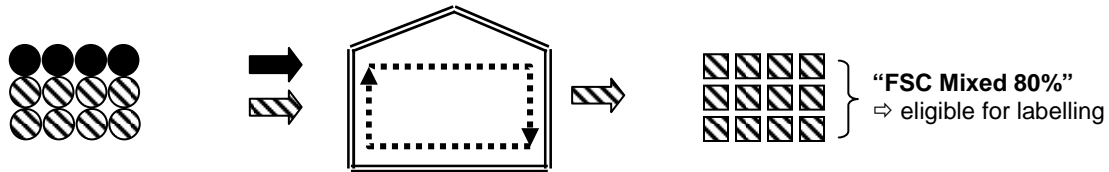


The transfer system can not be applied as the material mixture contains material with no FSC input.

## 2. Percentage system

Under the *percentage system* all outputs can be sold with a *percentage claim* that corresponds to the proportion of *FSC input* and *post-consumer input* compared to the total *input*.

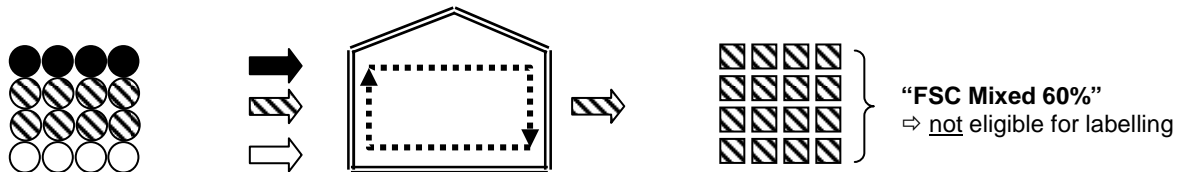
### Scenario B: Inputs with different FSC claims



The *FSC claim* for the *output* is calculated as follows:

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

### Scenario C: Inputs with different FSC claims and without FSC claims



The *FSC claim* for the *output* is calculated as follows:

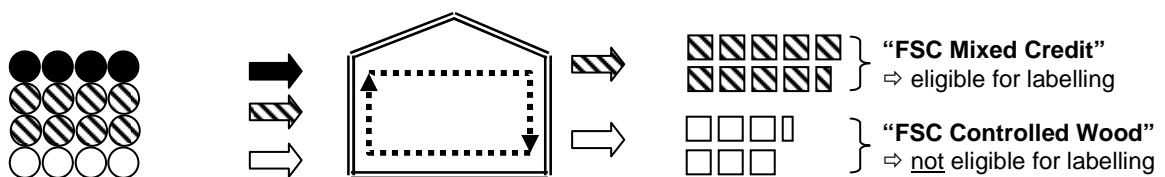
$$\left. \begin{array}{l} 4 \text{ units with } FSC \text{ input of } 100\% \\ 8 \text{ units with } FSC \text{ input of } 70\% \\ 4 \text{ units without } FSC \text{ input} \end{array} \right\} \frac{(4 \times 100\%) + (8 \times 70\%)}{4 + 8 + 4} \times 100\% = \frac{4 + 5.6}{16} \times 100\% = \mathbf{60\%}$$

## 3. Credit system

Under the *credit system* a proportion of the outputs can be sold with a *credit claim* corresponding to the quantity of *FSC input* and/or *post-consumer inputs*. *FSC inputs* and *post-consumer inputs* can also be accumulated as *FSC credit* on a *credit account*. The remainder of the output can be sold as 'FSC Controlled Wood'.

### Scenario C: Inputs with different FSC claims and without FSC claims

NOTE: The *credit system* could also be applied to scenario B, above.



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

$$\left. \begin{array}{l} 4 \text{ units with } FSC \text{ input of } 100\% \\ 8 \text{ units with } FSC \text{ input of } 70\% \\ 4 \text{ units without } FSC \text{ input} \end{array} \right\} \begin{array}{l} (4 \times 100\%) + (8 \times 70\%) \text{ units} = 4 + 5.6 \text{ units} = \mathbf{9.6 \text{ units}} \\ \text{The remainder of } \mathbf{6.4 \text{ units}} \text{ can be sold as 'FSC Controlled Wood'}. \end{array}$$