

Revised FSC Chain of Custody Standard – What’s New?

On 1 January 2017, FSC published the revised FSC Chain of Custody (CoC) standard (FSC-STD-40-004 V3-0). The standard will become effective on 1 April 2017.

FSC-STD-40-004 is the core standard for FSC CoC certification that specifies the requirements which apply to all CoC certified and applicant organisations.

The main purposes of this revision process were to simplify and streamline chain of custody certification. For a full overview of the standard, please consult the standard itself and if necessary, refer to the the cross-walk document, which compares the requirements of the new and previous version of the standard. Summarised below are some of the main changes; links are provided to the relevant clauses of the standard and the cross-walk.

Structure

The basic structure and principles of the standard have not changed significantly. The standard has a modular structure, allowing certificate holders to identify the requirements that are applicable to them. For guidance, a number of tables, graphics and examples have been added.

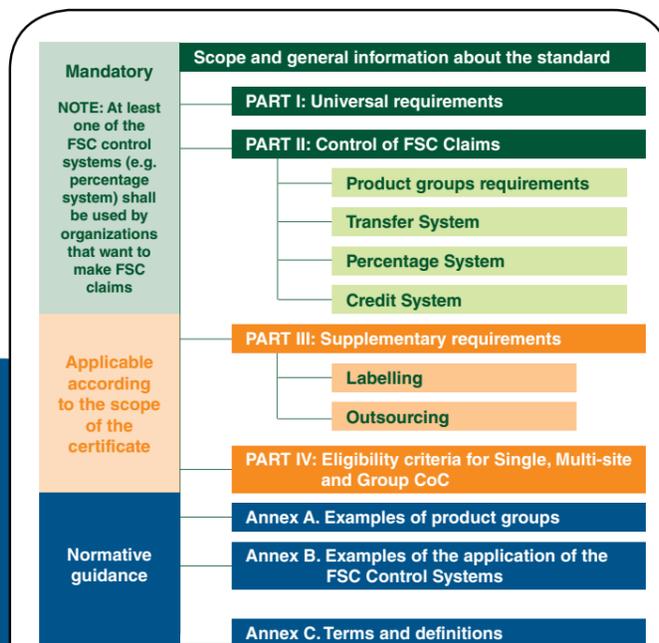
Which Components of a Product Need to be Certified?

In the new standard, the definition regarding which components of a product need to be certified has been revised:

“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.”

[Click here](#) to see Box 2 within the standard.



The sections of this graphic that are marked in **green** contain the information and requirements that are mandatory and apply to all certificate holders (although only the relevant control systems i.e. transfer, percentage, credit will be applicable).

The sections marked in **orange** contain the requirements that apply according to the scope chosen by each certificate holder.

Sections marked in **blue** refer to additional guidance information that was added to the standard to support stakeholders’ understanding of the requirements and terms that were used in the standard.

Occupational Health and Safety

In addition to requiring organisations to demonstrate a commitment to occupational health and safety, certificate holders are now required to:

- appoint an occupational health and safety representative
- establish and implement procedures (adequate to size and complexity)
- train staff on Occupational Health and Safety

[Click here](#) to see Clause 1.4 within the standard.

[Click here](#) to compare the old and new requirements in the FSC cross-walk document.

Transaction Verification

V3-0 contains a new requirement relating to transaction verification, see p. 31 for more information.

Avoidance of Multiple Counting

The new standard explicitly requires the avoidance of double counting when operating more than one forestry certification scheme.

[Click here](#) to see Clause 4.3 within the standard.

[Click here](#) to compare the old and new requirements in the FSC cross-walk document.

Omission of Percentage Information in FSC Claims

Certificate Holders at the end of the supply chain selling FSC finished and labelled products may omit the percentage or credit information relating to their FSC claims in sales documentation. These products can still be re-sold with FSC claims by FSC certificate holders, however, it is not possible to reinstate the percentage or credit information once it has been removed.

[Click here](#) to see Clause 5.2 within the standard.

[Click here](#) to compare the old and new requirements in the FSC cross-walk document.

FSC Claims and Labels and Those of Other Forestry Certification Schemes

Products sold with FSC claims cannot carry labels from other forestry certification schemes. However, if appropriate, FSC labelled products can be sold with the claim of another forestry certification scheme in addition to an FSC claim.

[Click here](#) to see Clause 5.4 within the standard.

[Click here](#) to compare the old and new requirements in the FSC cross-walk document.

Summary Reports for Custom Manufactured Products

Certificate Holders that sell custom manufactured FSC products (e.g. construction companies), that do not list the FSC certified products on invoices, may issue supplementary documents listing the FSC certified components used, with the related quantities and FSC claims.

[Click here](#) to see Clause 5.8 within the standard.

Downgrading FSC Claims

Certificate Holders may opt to downgrade an FSC output claim (as presented in Figure A).

Figure A. Rules for downgrading FSC output claims



[Click here](#) to see Clause 5.9 within the standard.

[Click here](#) to compare the old and new requirements in the FSC cross-walk document.

Substitution of Input Materials Within a Product Group

An input material and/or species of wood in a product group may be substituted by another material and/or species provided that they are equivalent. Materials and/or species can be considered as being equivalent if they

can be substituted without changing the output product characteristics. Box 4 (p.14) lists indicators of a change to output product characteristics.

[Click here](#) to see Clause 7.2 (NOTE) and Box 4 within the standard.

[Click here](#) to compare the old and new requirements in the FSC cross-walk document.

Percentage System

- Small & Community Label (SCLO)
The FSC Chain of Custody Standard confirms that Small and Community Label (SCLO) products can be produced under the percentage system (in addition to the transfer system) as long as any Controlled Wood inputs are also from Small and Community producers
- Bamboo & Non-Timber Forest Products (NTFPs) derived from trees
The standard allows the processing of bamboo and NTFPs derived from trees under the percentage system

[Click here](#) to see Box 6 within the standard, which includes both topics identified above.

[Click here](#) to compare the old and new requirements in the FSC cross-walk document.

Cross-site Credit Sharing under the Percentage and Credit Systems

The new standard permits the application of percentage and credit systems at multiple site level, under certain conditions (also called 'cross-site credit sharing'). FSC will monitor the implementation of these requirements and re-evaluate them after two years. Look out for more information on cross-site credit sharing in the May edition of Forest Matters Advanced.

[Click here](#) to see Clause 9.4 (percentage system) within the standard.

[Click here](#) to Clause 10.3 (credit system) within the standard.

Credit System

- Credit Accounts
 - › The specification of claim periods of up to 3 months has been removed and the standard now clarifies that credit accounts can be maintained for inputs or outputs.

[Click here](#) to see Clause 10.1 within the standard.

[Click here](#) to compare the old and new requirements in the FSC cross-walk document.

- › Credit accounts can also now be operated over 24 months, rather than 12.

[Click here](#) to see Clause 10.6 within the standard.

[Click here](#) to compare the old and new requirements in the FSC cross-walk document.

- Assembled Wood Products and Inputs of Different Quality

The standard now specifies that high-quality Controlled Wood components shall not make up more than 30% of a product's volume or weight. Quality will be defined for this purpose via an official interpretation from FSC International.

[Click here](#) to see Clause 10.5 within the standard.

- Controlled Wood
Organisations require a separate Controlled Wood credit account in order to sell Controlled Wood (processed via their credit system), however, the new standard states that this is not necessary if the organisation's FSC Mix credit account covers the whole of their production.

[Click here](#) to see Clause 10.10 within the standard.

[Click here](#) to compare the old and new requirements in the cross-walk document.

Transaction Verification

Transaction verification is needed to protect the integrity of FSC certification and ensure that false claims are identified, prevented, and controlled. Previously, audits were focused on the internal activities of a business only. With the new FSC Chain of Custody standards, however, auditors can also evaluate transactions between organisations. This is introduced to ensure that volume balances match between companies.

Will my organisation be affected by transaction verification?

All FSC certificate holders are subject to transaction verification. This means that all certified businesses could be asked to participate in transaction verification. However, only a small percentage of our global certificate holders will be asked to do so in 2017. FSC and ASI will be using risk criteria to determine where supply chain monitoring will take place.

How is risk going to be defined?

The transaction verification requirement will be implemented where there is substantiated evidence of false claims occurring in specified supply chains. Such evidence will consist of one or more of the following:

- results of fibre testing;
- substantiated complaints;
- ASI on-site assessments, monitoring, and data analysis;
- ASI and FSC investigations of entire product types in given countries or regions that identify an unacceptable level of misleading claims;
- certification body reporting of false claims to FSC and/or ASI.

In 2017 up to 1,000 businesses globally, with specific focus on the Asia-Pacific region, are expected to be asked to participate in transaction verification. This number is expected to increase in 2018-2019 based on results from 2017.

What is the difference between transaction verification and the Online Claims Platform (OCP)?

Transaction verification is a normative requirement in the FSC system (i.e. it is a criterion in our standard). The Online Claims Platform (OCP) is one of the tools to deliver transaction verification. Transaction verification can be achieved with or without the OCP. Other methods of transaction verification will be tested as well, such as ASI rapid transaction assessments, block chain technology, and alternative platforms.

What information must be provided to auditors to fulfil the transaction verification requirement?

The data required will include information on trading partner (e.g. name, FSC CoC code), transaction identifier (e.g. invoice number), transaction date, quantity, units, FSC claim type, descriptions of products, and (potentially) species and country of origin. No financial information will be required. The data will be collected on a sample basis in a specified format. More than one format will be allowed. The size of the sample requested will be determined by FSC and ASI based on risk. Auditors may also request access to shipping documents, invoices, or similar for confirmation.

Further Information: For more information FSC UK Business Development Manager, Beth Bennett at: beth@fsc-uk.org.

Further Information: For more information on the new FSC Chain of Custody standard, contact FSC UK Business Development Manager, Beth Bennett at: beth@fsc-uk.org.