FSC®

Chain of Custody InfoPack*

* This InfoPack is not an official FSC document. In case of any discrepancy between this document and the FSC Normative Framework, the FSC Normative Framework shall prevail. For FSC CoC certification requirements, more information and primary literature please visit www.fsc.org. For more information on the certification process in Finland and/or the FSC National Office in Finland please visit fi.fsc.org.
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1 INTRODUCTION

1.1 About FSC

The Forest Stewardship Council® (FSC) is an independent, not for profit, non-governmental organization established to support environmentally appropriate, socially beneficial, and economically viable management of the world’s forests. It is democratically governed by its members, who are both organizations and individuals.

FSC’s vision is that the world’s forests meet the social, ecological and economic rights and needs of the present generations without compromising those of future generations. FSC’s highest decision-making body consists of equal voting powers from environmental, social and economic sectors, and from the global North and South.

1.2 FSC certification and Chain of Custody

FSC certification ensures that products come from well-managed forests that provide environmental, social and economic benefits. Getting a Chain of Custody certificate demonstrates that your company cares about sourcing timber or wood-based products from responsibly managed forests.

FSC Chain of Custody (CoC) is an information trail about the path taken by products from the forest or from the reclamation site to the consumer. The path includes each stage of processing, transformation, manufacturing, and distribution where change of ownership is involved.

Over the past few years, environmental awareness has become more and more the norm. The demand for certified products has increased and continues to do so. Many businesses and consumers prefer products from responsibly managed forests. The FSC Chain of Custody (CoC) certificate offers a way for manufacturers, processors and traders to respond to these demands and participate in the production chain of FSC certified wood products. The FSC certification system provides a connection between the forest and the end user, ensuring that products with the FSC label uphold Principles and Criteria, which bring the highest social and environmental benefits.

There are three different types of certificates in the FSC system, each of which apply to different types of businesses areas: the Forest Management (FM) certificate, the Chain of Custody (CoC) certificate and the Controlled Wood (CW) certificate. FSC certification can positively impact workers and communities living in the forests, shift governance processes globally and sustain environmental conditions in the forest, thereby ensuring that biodiversity does not suffer even when utilizing the forest economically.

This InfoPack focuses on introducing CoC certification to interested companies.

FSC CoC certification connects consumers to responsibly managed forests by tracking products from forest to shelf. By tracking the certified materials through the entire production process, it verifies that FSC materials are identified or kept segregated from non-certified or non-controlled materials throughout this chain. For the end product to be marketed as FSC certified and carry the FSC label, all entities along the supply chain must have an FSC CoC certificate.
1.3 Objective of the InfoPack

This InfoPack is not intended to be a full explanation of the certification standard nor its replacement. Rather, it is designed to assist your company to better understand the requirements in the FSC Standard for Chain of Custody Certification (FSC-STD-40-004). It is targeted at organizations, which are interested in becoming FSC CoC certified and/or maintaining the system in the company. It guides companies in fulfilling relevant requirements of the standard. The sections regarding the requirements begins from page 12.

FSC-STD-40-004 is the main standard that applies for the certification of all CoC operations. According to the scope of the organization’s certificate, the standard may be combined with complementary standards.

![FSC Chain of Custody Standards Diagram](image)


Disclaimer: Should there be any discrepancy between this material and the standard, the standard shall prevail.

Abbreviations used in this InfoPack

<table>
<thead>
<tr>
<th>Abbrev.</th>
<th>Full Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASI</td>
<td>Accreditation Services International</td>
</tr>
<tr>
<td>CB</td>
<td>Certification Body</td>
</tr>
<tr>
<td>CoC</td>
<td>Chain of Custody</td>
</tr>
<tr>
<td>CW</td>
<td>Controlled Wood</td>
</tr>
<tr>
<td>FM</td>
<td>Forest Management</td>
</tr>
<tr>
<td>FSC</td>
<td>Forest Stewardship Council</td>
</tr>
</tbody>
</table>
1.4 The European Timber Regulation, Due Diligence System and FSC

The European Regulation on the obligations of operators who place timber and timber products on the market (Regulation (EU) No. 995/2010, or the so-called EU Timber Regulation, EUTR) prohibits the placing of illegally harvested timber and products derived from such timber on the EU market. It covers both timber and timber products produced in the EU as well as those imported into the EU. The Regulation came into effect on March 3rd, 2013.

EUTR specifies two types of entities in a supply chain:

<table>
<thead>
<tr>
<th>Definition</th>
<th>Operator</th>
<th>Trader</th>
</tr>
</thead>
<tbody>
<tr>
<td>First placers of timber or timber-derived products on the EU market</td>
<td>To work with a “Due Diligence System” (DDS) to minimize the risk of placing illegal timber or derived products on the market.</td>
<td>Companies that buy or sell timber and/or products derived from timber already on the EU market</td>
</tr>
<tr>
<td>Obligation</td>
<td>To keep information about their customers and suppliers (purchase and sales records) to make timber easily traceable</td>
<td></td>
</tr>
</tbody>
</table>

The supply chain complexity varies depending on the nature of the business. Below you can find a simplified diagram illustrating the relationships between operator and trader along the supply chain.

---

2 Ibid.
FSC CoC certification is not an alternative to the required due diligence system (DDS) for companies placing timber products onto the EU market. However, FSC certification can help to simplify the implementation of such a system in your business.

EUTR defines three elements necessary for the implementation of the DDS: information, risk assessment and risk mitigation. The table below shows how relevant FSC requirements address each element:

<table>
<thead>
<tr>
<th>DDS element</th>
<th>FSC requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information</td>
<td>The FSC certification system does not provide information about country of harvest and species with the claims of the supplier, so this information must be collected in cooperation with the supplier. FSC Advice Note 40-004-101 provides assistance in collecting such information.</td>
</tr>
</tbody>
</table>
| Risk assessment   | FSC material is recognized as having a low (negligible) risk when all the below are verified, and when other information collected in the risk assessment does not contradict this conclusion:  
  - FSC certificate is valid; material in question is covered by the scope of the certificate; correct claim is used; and there is access to the required information (country of harvest and species) |
| Risk mitigation   | Risk mitigation becomes necessary only in cases in which the risk assessment did not classify the risk in question as negligible/low. Therefore, in case of FSC certified or controlled material and products, duly verified as described above, risk mitigation is not necessary and the procedure is completed. |

FSC CoC certification plays an important role in a risk assessment and can be used to support a risk judgment. It provides visibility through the supply chain to a certified forest. Although holding an FSC CoC certificate is not yet recognized as an automatic guarantee of compliance with the EUTR, the requirements of a FSC CoC certification scheme provide key contributions to the risk assessment and risk mitigation requirements of the DDS.
1.5 Becoming FSC CoC certified

To begin with, you should consider what measures need to be taken in preparation of starting your certification process. For instance, are your suppliers FSC certified? Are the materials you are obtaining from them FSC certified materials?

Within your own company, you need to set up your CoC Quality Management system and define the Product Groups that will be sold with an FSC label. Information on both of these issues is provided further down in this InfoPack.

After these preliminary considerations, you can initiate your certification process. There are five steps to receiving an FSC CoC certificate:

1. Contact an FSC accredited certification body (CB). Do remember to ask for specific information about what you need to take into account and further actions you need to take in order to assure a successful assessment. The costs of certification and conditions may vary, so we recommend you to ask for bids from several CBs.

2. Select the CB with which your company wants to work and sign a contract.

3. The CB will conduct a certification audit. During this step, the CB is assessing your company against the applicable FSC Standards to ensure your eligibility for FSC certification and full compliance with the FSC Standards.

4. The CB collects audit data collected into an audit report, based on which it takes a decision on the certification.

5. After successfully passing the audit, the CB issues your FSC CoC certificate and provides you with your company’s individual FSC-code and FSC-labels.

A list of CBs operating in Finland can be found on [fi.fsc.org](http://fi.fsc.org)
1.6 Certification Bodies

FSC offices (like FSC Finland, for example) do not issue certificates themselves. Independent certification bodies (CBs), that have been accredited by FSC, carry out the FM, CoC and CW assessments and issue the certificates. FSC sets the standards for FM, CoC and CW certification, and defines the procedures that CBs need to follow in their certification assessments. CBs conduct annual audits on each certified company to ensure each certificate holder’s CoC control system continues to comply with all the necessary requirements as stated in FSC policies and standards.

Although CBs assess companies based on the FSC Standards for CoC and related documents, each CB uses its own evaluative process. This allows the FSC to remain outside the assessment process and supports the integrity of the normative framework and the FSC system.

Meanwhile, Accreditation Services International (ASI) is delegated on behalf of FSC as the accreditation body to operate the FSC Accreditation Program according to international standards and based on specific requirements of FSC Certification Scheme. It accredits and monitors CBs and also accredits FSC standards (both FM and CoC). ASI ensures conformity of CBs by conducting annual audits on each CB.

Please visit our FSC Finland website fi.fsc.org for contacts of CBs working in Finland.
1.7 FSC Standard for Chain of Custody Certification

The FSC Standard for Chain of Custody Certification (FSC-STD-40-004) sets out the requirements for achieving FSC Chain of Custody (CoC) certification. At the time of the InfoPack publication date, the latest version of the standard is V2-1.

As mentioned above, your company needs to establish an effective CoC management system that will be verified by an independent CB. Developing and implementing CoC management systems is a way for companies to effectively control their processing system and show their customers the responsible origin of the material in their products. FSC CoC certification thereby facilitates the transparent flow of goods made from such materials through the supply chain.

Scope

The FSC Standard for Chain of Custody Certification (FSC-STD-40-004) is international. It specifies the management and production requirements for CoC 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 the below:

<table>
<thead>
<tr>
<th>Process</th>
<th>Product type</th>
<th>Source</th>
<th>Industry sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading</td>
<td>Wood</td>
<td>Virgin (i.e. forest)</td>
<td>Primary</td>
</tr>
<tr>
<td>Processing</td>
<td>Wood-based products</td>
<td></td>
<td>Harvesting</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Non-timber forest products</td>
<td></td>
<td>Pre-processing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Secondary</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Primary manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Secondary manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tertiary</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Trading</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Wholesale</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Retail</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Print services</td>
</tr>
<tr>
<td></td>
<td>Reclaimed materials (i.e. recycled)</td>
<td></td>
<td>Primary</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reclamation sites</td>
</tr>
</tbody>
</table>
An organization needs CoC certification when it possesses legal ownership of certified products and performs one of the following activities:

<table>
<thead>
<tr>
<th>Legal ownership of certified products?</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes? AND…</td>
<td>Pass on the FSC Claim to subsequent customers through sales and delivery documents; OR</td>
</tr>
<tr>
<td></td>
<td>Apply the FSC label on-product; OR</td>
</tr>
<tr>
<td></td>
<td>Process or transform FSC certified products (e.g. manufacturing, repackaging, re-labelling, adding other forest-based components to the product).</td>
</tr>
</tbody>
</table>

**Exemptions**

Organizations are exempted from CoC certification when they do not perform the activities described above. These organizations include:

- Retailers selling to end-users;
- Individual or organizational end-users of FSC certified products;
- Organizations providing services to certified companies without taking legal ownership of the certified products, including:
  - Agents and auction houses arranging the trade of certified products between buyer and seller;
  - Logistics companies transporting or temporarily storing certified products. These companies handle goods owned by an FSC CoC certified company;
  - Contractors operating under an outsourcing agreement are doing work for an FSC certified company and they do not take ownership of the products. (Please see the section ‘Outsourcing’ in this InfoPack or section 12 of the standard).
- Companies who pack non-forest products into cartons produced by FSC certified printers; even though they may buy the cartons and sell on the packed products to the retailer.

**Requirements of the Standard**

The certification requirements are divided into four parts:

1. Universal Requirements
2. Systems for controlling FSC claims
3. Labelling
4. Supplementary Requirements

The following sections of this InfoPack aim to elaborate the main ideas of each requirement and give verification guidance on how to satisfy the relevant requirements.
2 Universal Requirements

Part I includes the universal requirements for CoC control, which apply to all CoC operations.

2.1 CoC Management System

All certified companies should develop a management system that ensures all the requirements of the relevant standards are fulfilled. Let us look at what the standard says:

Verification guidance

Responsibilities: A person/ persons must be designated to take charge of the company’s compliance with the standard. In addition, all relevant staff must be aware of the requirements.

Training: The CB will ask for evidence that all staff with responsibility for these areas have had training. Records for example attendance list, training materials etc. could be useful.

Documented Procedures: All the systems must be written up as a manual that can be shown to the CB.

Records: All documents relating to FSC certified product production, purchase and sales, as well as copies of FSC trademark approvals (for labels and promotional purposes) must be kept for at least 5 years. An up to date list of all FSC product groups covered by the scope of the CoC also needs to be maintained.

Commitment to FSC values: All FSC certified organizations should sign a self-declaration in order to declare their consistence adherence to FSC values as stated in Policy for the Association of Organizations with FSC (FSC-POL-01-004). A template of the self-declaration is available as Annex B of Evaluation of the organization’s commitment to FSC Values and occupational health and safety in the Chain of Custody FSC-PRO-20-001 (V1-1). The declaration brings additional confidence to consumers in relation to social aspects throughout the complete supply chain. A copy of this self-declaration needs to be available during the CB’s audits.
Occupational Health and Safety:

The company appoints a representative for occupational health and safety. Procedure(s) for occupational health and safety need to be available. The company also may be asked to provide evidence of staff training on health and safety procedures.

Critical Control Points:

There is not a set prescribed CoC system. It is up to each company to set out how they will satisfy the requirements and ensure that FSC certified products are correctly labeled. The most important areas to cover are **Critical Control Points** where there is a risk of FSC and non-FSC material being mixed up. Examples of these are:

- Goods in areas where staff taking deliveries must inspect documents to make sure they include the correct information;
- Warehouses or yards where FSC certified and non-FSC certified timber or fiber, possibly of similar types, are stored;
- Packing and labelling operations where products must be given the correct FSC label.

For each Critical Control Point, the company must show that the system ensures the following:

- Segregation: FSC certified and non-FSC certified product lines must be separable by clear marking in storage area or in time;
- Identification: Batches of FSC certified material and FSC Controlled Wood must have secure markings;
- Documentation: Copies of sales, purchase and shipping/delivery documents covering FSC certified products must be kept.
2.2 Scope and Product groups

Each certified company should develop its own product group list stating the coverage of the certified materials the company can supply.

Verification guidance

A product group is a single product, or range of products, made from the same material inputs. The list of product groups defines the scope of the CoC and appears on the certificate.

The company develops its own product group list including all products that would be sold as FSC certified. The list needs to contain the following information:

A. Product group
   - FSC 100%
   - FSC Mix
   - FSC Recycled
   - FSC Controlled Wood

B. Each product group on the list is classified by its “Product type”. The company classifies its FSC certified products according to the product type codifications stipulated in FSC Product Classification FSC-STD-40-004a. In general there are three product types:
   - Wood products
   - Pulp and paper products
   - Non-timber forest products

C. To specify the species: please follow the available nomenclature of the Germplasm Resources Information Network (GRIN) Taxonomy Species Online Database (http://www.ars-grin.gov/cgi-bin/npgs/html/index.pl)
D. Input material categories
- FSC 100% material
- FSC Mix material
- FSC Recycled material
- FSC Controlled Wood
- Post-consumer reclaimed material
- Pre-consumer reclaimed material

(Please refer to Part IV “FSC claims” for combination of input material category and possible product claims.)

E. Control system for FSC claim
- Transfer system
- Percentage system
- Credit system

(Please refer to Part II “Systems for controlling FSC claims” for more details.)

F. The sites involved in operation
- Management
- Production
- Storage
- Sale
- Outsourcing site for production
- Others

Product group list sample:

For product groups using the percentage or credit system (explained later in this InfoPack), it should also be noted that the products need to share similar specifications of:

1. Quality of inputs – materials with same specie but different grade should be classified into different product groups. For example, “A” grade is much more expensive than “C” grade. Therefore, the high-grade and low-grade materials will be in different product groups.
2. Conversion factors – conversion factor for each product group need to be stated. Please refer to the section “Conversion factor” below for more information.
2.3 Material Sourcing

In order to ensure the FSC-certified material your company purchases is from a valid certified supplier, let’s look at what the standard says about the criteria that have to be fulfilled:

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:

   a) the supplied product type;

Supplier List sample:

<table>
<thead>
<tr>
<th>Supplier Name</th>
<th>FSC CoC code/ FSC Cr code</th>
<th>Product type</th>
<th>Material category</th>
<th>Certificate valid till</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fancy Paper Co. Ltd.</td>
<td>CB-COC-000001</td>
<td>P2.4 Specialty Paper</td>
<td>FSC Mix</td>
<td>2014-10-29</td>
</tr>
<tr>
<td>Paperboard Co. Ltd.</td>
<td>CB-COC-000002</td>
<td>P3.2 Coated paperboard</td>
<td>FSC Mix</td>
<td>2015-12-22</td>
</tr>
</tbody>
</table>

Verification guidance

A supplier list is developed and kept up-to-date, including at least the items listed below:

- The supplier product type
- The supplied material category
- The supplier’s FSC CoC or FSC Controlled Wood code, if applicable.

In order to make sure that the information (including supplier name, certified address, certificate status and validity to provide the certified material) on supplier certificates is correct and valid, your company needs to check the Public Certificate Search on [http://info.fsc.org](http://info.fsc.org). Frequency of checking shall be adequate to ensure the above. Meanwhile, it is useful to document and retain checking records as evidence of verification.
Public Certificate Search:

Certified suppliers’ information can be searched and verified by FSC’s Public Certificate Search. One or more of the below fields can be filled in to search for the target supplier(s):

License Code i.e. FSC-CXXXXXX

By clicking “Certification Search” as in the above picture, more fields are available:

- Supplier name
- Country
- Certificate number
- Product type
2.4 Material Receipt and Storage

Traceability is important for FSC product groups to ensure that all products are clearly traceable at all times. The certified company needs to ensure that certified materials and products are physically separated from or otherwise identifiable from non-FSC material.

Meanwhile, different product groups shall also be identifiable. In addition, a certified company selling pre-labeled materials must verify that the correct label is used. Please refer to “Part III Labelling” for more information.

Verification guidance

In order to be able to verify the validity of the purchased certified materials, the company needs to check the supplier invoices and supporting documents e.g. delivery note, delivery order (where applicable) that they contain at least the below information:

- Quantity
- Material category for each product e.g. FSC 100%, FSC Mix credit/ FSC Mix %, FSC Recycled credit/ FSC Recycled %
- Supplier’s FSC CoC (XXX-COC-######) or FSC CW code (XXX-CW-######)
2.5 Volume Control and Material Balance

Material balance is one of the most critical information that concern the CoC system. By checking the amount of input and that of output against the conversion factor, your CB will be able to estimate the reasonable quantity of FSC certified products that is produced by your company.

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, 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:

a) invoice references;

Verification guidance

Conversion factor

For each product group, the conversion factor of each main processing step, or for the total processing steps, shall be calculated. The certified company itself specifies the calculation methodology.

Conversion factor = (output/ output) X 100%
Accounting records

For each product group, an up-to-date accounting record must be developed to ensure that the quantities of output produced or sold are compatible with the quantities of eligible material inputs purchased. The following must be included in the records:

<table>
<thead>
<tr>
<th>Accounting records:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For Inputs:</strong></td>
</tr>
<tr>
<td>Invoice references</td>
</tr>
<tr>
<td>Quantities* (by volume or weight)</td>
</tr>
<tr>
<td>Material category and, if applicable, percentage or credit claims</td>
</tr>
<tr>
<td><strong>For outputs:</strong></td>
</tr>
<tr>
<td>Invoice references</td>
</tr>
<tr>
<td>Quantities* (by volume or weight)</td>
</tr>
<tr>
<td>FSC claim**</td>
</tr>
<tr>
<td>Information to identify the product item on invoices</td>
</tr>
<tr>
<td>Applicable claim period or job order Information to identify the product item on invoices</td>
</tr>
</tbody>
</table>

* Trader – it is possible for trader to use “pieces” as unit.

** Please refer to Part IV below (Supplementary Requirements) for a detailed explanation of FSC claims.

Annual volume summary

For each product group, an annual volume summary with the below information must be constructed:

<table>
<thead>
<tr>
<th>Annual volume summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>inputs received</td>
</tr>
<tr>
<td>inputs used for production (if applicable)</td>
</tr>
<tr>
<td>inputs still in stock</td>
</tr>
<tr>
<td>outputs still in stock</td>
</tr>
<tr>
<td><strong>outputs sold</strong></td>
</tr>
</tbody>
</table>
2.6 Sales and Delivery

What does the standard say?

Verification guidance

The information on sales and delivery documents (e.g. invoices, delivery notes, delivery orders) includes:

- Your company’s name, contact details
- Customer’s name, address
- Date
- Product description
- Quantity sold
- Your company’s FSC CoC code
- FSC claim for each product (FSC 100%, FSC Mix XX%/ credit, FSC Recycled XX%/ credit, FSC controlled wood)
- Information to link sales and delivery documents if separate delivery documents are issued

When both FSC and non-FSC certified items are sold with the same sales and delivery documents, your company should clearly indicate which goods are certified and make FSC claims against the certified products.

In case no written sales or delivery documents are issued, an electronic version containing all the necessary information mentioned above needs to be provided. It should also be noticed that products sold with an FSC claim cannot carry any labels from other forestry certification schemes.
3 Systems for controlling FSC claims
Part II presents the three control systems for making FSC claims on outputs:

- transfer system
- percentage system
- credit system

One of these systems is chosen by your company for each established FSC product group.

Verification guidance:

3.1 Transfer system
This is intended for companies manufacturing FSC 100% products and engaged in trading activities related to finished products. For example: distributors, sawmills, timber brokers, printers, secondary manufacturers, mill workers, paper converters.

How it works:

- Material purchased with an FSC claim is sold with the same FSC claim.
- Materials with different FSC claims that are combined are sold with the FSC claim that is the most inclusive (reflects multiple fibre types in the product). E.g. FSC Recycled + FSC Mix = FSC Mix claim.
- Only FSC 100%, FSC Mix, FSC Recycled, post-consumer recycled claims and FSC controlled wood are eligible to be combined.

Why use the Transfer System:

- If you are a printer and do not anticipate that you will be mixing FSC-certified paper with non-FSC-certified paper; or
- If you are a printer and do not have the ability to verify that any non-FSC-certified paper meets the FSC Controlled Wood requirements; or
- If you are a trader, distributor, or merchant of finished products; or
- If you only purchase and sell material that is FSC 100%.

3.2 Percentage System
This is meant for companies manufacturing products with FSC Mix and FSC Recycled claims. Examples include sawmills, primary/secondary manufacturers, printers. The percentage system is not intended for trading activities related to finished products.

How it works:

- Products with different FSC claims are combined and sold with an FSC Percentage Claim (e.g. ‘FSC Mix XX’).
- All of the final products are sold with an FSC Percentage Claim, and this % reflects the amount of FSC virgin fibre and post-consumer recycled fibre in the product. The remaining fibre must be FSC Controlled Wood.
- For materials purchased with an FSC Percentage Claim (e.g. FSC Mix XX%), only the % of material that is designated (e.g. XX%) qualifies for use in further calculations.
For materials with an FSC Mix Percentage Claim, the % must be ≥ 70% to be eligible for an FSC Label.

Why use the Percentage System:

- If you have a consistent supply of FSC-certified fibre and/or post-consumer recycled fibre that equals or exceeds 70% (for FSC MIX Product Group); or
- If you do not meet the situation above, BUT you do not need to put an FSC Label on your product as your product will be used as material input by a CoC certified company; and
- If you can verify that any non-FSC-certified material mixed in with FSC material meets the FSC Controlled Wood requirements (FSC-STD-40-005; FSC-STD-30-010).

3.3 Credit System

This is designed for companies manufacturing FSC Mix and FSC Recycled products. Examples include Primary/Secondary Manufacturer, and Traders or Distributors of unfinished products (e.g. lumberyards). The credit system is not for trading activities (finished products), nor for Printers.

How it works:

- Products with different FSC claims are combined and sold with an FSC Credit Claim (e.g. ‘FSC Mix Credit’)
- Only a portion of the product is sold with an FSC Claim. The amount sold with an FSC Credit Claim relates to the amount of fibre in the product that is FSC-certified and/or post-consumer recycled. The remainder of product may be sold as FSC Controlled Wood.
- For materials purchased with an FSC Credit Claim, all (100%) of that material qualifies for use in further calculations.
- For materials with an FSC Credit Claim, that product is eligible to carry the FSC Mix or FSC Recycled Label depending on the type of FSC Credit Claim.

Why use the Credit System:

- If you have an inconsistent or small supply of FSC-certified fibre and/or post-consumer fibre, but would still like to sell a portion of your product as FSC-certified, and eligible to carry an FSC Label; and
- If you can verify that any non-FSC-certified material mixed in with FSC material meets the FSC Controlled Wood requirements (FSC-STD-40-005; FSC-STD-30-010)
4 Labelling and FSC trademarks

Having checked that all the previous requirements have been fulfilled, the products produced can be labelled with an appropriate FSC on-product label. Part III contains the requirements and thresholds for using FSC on-product labels.

4.1 Labelling

The FSC label is the information applied to a product or on the packaging of the product. The labels are:

- **FSC Mix label**: Applied to products with an FSC claim as ‘FSC Mix Credit’ or ‘FSC Mix XX%’. XX% must ≥ 70%.
- **FSC Recycled label**: Applied to products with an FSC claim as ‘FSC Recycled Credit’ or ‘FSC Recycled XX%’. XX% must ≥ 85%.
- **FSC 100% label**: All products with the FSC 100% claim can carry this label.

Having checked that all requirements have been met, and that the products in a given product group meet the levels of FSC content as set out for the system being used, they may be labelled with the appropriate FSC label.

At the same time that your company receives its CoC certificate, your company’s CB will provide you with access to the so-called online label generator. It will have label artwork in a variety of colours with your individual code. Each time a new product label is designed, it needs to be submitted to the CB for approval. But for re-order or re-sales of the same product item, which has already received the logo approval, your company can use the previously approved logo and does not need to apply for a repeat logo approval. However, the previous logo approval evidence has to be retained.

4.2 FSC trademarks

The FSC ‘tick tree’ logo, the name “Forest Stewardship Council” and the initials “FSC” are all registered trademarks and cannot be used without permission from the CB (for CoC certificate holders) or from the FSC office (for all others). There are special rules governing use of the logo or mention of FSC in brochures, point of sale material, websites etc. Like on-product labels, the CB must approve each use.

Customers of FSC certified companies who are only selling to end users do not need a CoC certificate. If they want to promote or market their FSC products, they need to obtain a trademark license, i.e. permission to use the FSC trademarks. For details, please refer to the website menu and/or fact sheet on trademark licenses on the [fi.fsc.org](http://fi.fsc.org) website (in Finnish, tavaramerkkilisenssi).
5 Supplementary Requirements

Part IV provides supplementary requirements addressing specific situations for CoC control systems.

5.1 Outsourcing

Should part of the processes, such as timber treatment or print finishing, be carried out by another organization, these processes can be included in the scope of your company’s CoC certificate, provided that ownership of the products is retained by your company. The products do not have to come back to the certified company before delivery to the customer.

The certified company keeps records of the names and contact details of all contractors. The outsourced agreement shall cover the outsourced process and state the right of the CB to audit the outsourcing contractor or operation. In cases where the certified company intends to outsource a process to a new contractor, prior to doing so, the company needs to inform its CB of the name and contact details of the new contractor.

Please note that secondary outsourcing is not allowed. The certified company needs to ensure that contractors carry out the contracted process by themselves and do not sub-contract the process to a third company.

Outsourcing Scenarios - FSC Certified CoC Contractors ADVICE 40-004-01 (FSC-DIR-40-004)

This advice note, effective from February 2010, clarifies the conditions under which contract work for an FSC certified product could be provided by FSC certified contractors for other certified and non-certified companies. The advice is split into two sections, reflecting two different outsourcing scenarios, the application of which is dependent on whether the contracting organization holds FSC certification:

Condition 1 - Contracting organization without FSC certification

FSC certified contractors can provide FSC certified products for non-FSC certified contracting organizations as long as the input materials for the contract work are shipped directly from the FSC certified supplier(s) to the contractor and the output product provided by the contractor is a finished, FSC labelled product branded with the name, label or other identifying information of the contracting organization.

Condition 2 - Contracting organization with FSC certification

Relevant exceptions to the outsourcing procedures specified in part 12 of FSC-STD-40-004, are highlighted for situations where the organization undertaking the outsourced work holds FSC certification. For instance, FSC certified contractors are exempted from a potential inspection by the contracting organization’s CB, if the outsourced process is covered by the scope of the contractor’s certificate.
5.2 FSC claims

An FSC claim is a statement made on sales documents by CoC certified companies. The FSC claim determines which FSC label may be placed on the product. The FSC claim is NOT always the same as on the FSC label (see FSC Labels).

Which claim should be used?

- When all wood fiber content material comes from FSC forests, the claim is ‘FSC 100%’
- When the percentage control system is used, the claim is ‘FSC Mix’ plus the actual percentage of FSC content. This may fall below the labelling threshold, when material is being supplied to another CoC operation as input
- When a credit system is used, the claim is ‘FSC Mix Credit’. For the purposes of percentage calculations using FSC materials produced under a credit system, this claim should be interpreted as ‘FSC Mix 100%’ because this represents the actual input of FSC material
- For verified post-consumer recycled material, the claim is ‘FSC Recycled’
- For FSC Controlled Wood, the claim is ‘FSC Controlled Wood’. No label can be used for this. For more information, please see FSC-STD-40-005 FSC Standard for Company Evaluation of FSC Controlled Wood.

The table below provides a reference for FSC claims made according to various control systems:

<table>
<thead>
<tr>
<th>Product groups</th>
<th>Control system</th>
<th>FSC claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSC 100%</td>
<td>Transfer system</td>
<td>“FSC 100%”</td>
</tr>
<tr>
<td>FSC Mix</td>
<td>Percentage system</td>
<td>“FSC Mix XX%”</td>
</tr>
<tr>
<td>FSC Mix</td>
<td>Credit system</td>
<td>“FSC Mix Credit”</td>
</tr>
<tr>
<td>FSC Recycled</td>
<td>Percentage system</td>
<td>“FSC Recycled XX%”</td>
</tr>
<tr>
<td>FSC Recycled</td>
<td>Credit system</td>
<td>“FSC Recycled Credit”</td>
</tr>
<tr>
<td>FSC Controlled Wood</td>
<td>Transfer system</td>
<td>“FSC Controlled Wood”</td>
</tr>
</tbody>
</table>
6 FAQ

Question: What is a Certification Code and a Trademark License Code?

Answer: Certification Code (XXX-COC-#####) is a unique identifier code given to FSC CoC certified companies for use on invoices.

Trademark License Code (C#####) is a unique identifier code given to FSC FM companies, CoC certified companies, and FSC trademark license holders. The License Code is used on FSC Labels and/or with the FSC logo when used for promotional purposes.

Question: Which output claim shall be used when inputs with different FSC claims are combined in the Transfer System?

Answer: It is very common that a product composes various parts, each of which may carry a different FSC claim. Identifying the “lowest common denominator” which will be the FSC claim of the product. For the identification, there are generally two rules:

1. “FSC Mix” takes precedence over “FSC 100%” and “FSC Recycled”.
2. The percentage claim take precedence over the credit claim, except when it is a “100%” claim.

The table below presents the possible combinations of FSC input claims and resulting output claims when applying the Transfer System.

<table>
<thead>
<tr>
<th>Inputs</th>
<th>FSC 100%</th>
<th>FSC Mix Credit</th>
<th>FSC Mix x%</th>
<th>FSC Recycled Credit</th>
<th>FSC Recycled x%</th>
<th>Pre-Cons. Reclaimed</th>
<th>Post-Cons. Reclaimed</th>
<th>Controlled Wood</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSC 100%</td>
<td>FSC 100%</td>
<td>FSC Mix Credit</td>
<td>FSC Mix x%</td>
<td>FSC Recycled Credit</td>
<td>FSC Recycled x%</td>
<td>No FSC Claims allowed</td>
<td>FSC Mix 100%</td>
<td>FSC Controlled Wood</td>
</tr>
<tr>
<td>FSC Mix Credit</td>
<td>FSC Mix Credit</td>
<td>FSC Mix x%</td>
<td>FSC Mix x%</td>
<td>FSC Mix x%</td>
<td>No FSC Claims allowed</td>
<td>FSC Mix Credit</td>
<td>FSC Controlled Wood</td>
<td></td>
</tr>
<tr>
<td>FSC Mix x%</td>
<td>FSC Mix x%</td>
<td>FSC Mix x%</td>
<td>FSC Mix x%</td>
<td>FSC Mix x%</td>
<td>No FSC Claims allowed</td>
<td>FSC Mix x%</td>
<td>FSC Controlled Wood</td>
<td></td>
</tr>
<tr>
<td>FSC Recycled Credit x%</td>
<td>FSC Recycled Credit</td>
<td>FSC Recycled x%</td>
<td>FSC Recycled x%</td>
<td>No FSC Claims allowed</td>
<td>FSC Recycled Credit</td>
<td>FSC Recycled x%</td>
<td>FSC Controlled Wood</td>
<td></td>
</tr>
<tr>
<td>FSC Recycled x%</td>
<td>FSC Recycled Credit</td>
<td>FSC Recycled x%</td>
<td>FSC Recycled x%</td>
<td>No FSC Claims allowed</td>
<td>FSC Recycled Credit</td>
<td>FSC Recycled x%</td>
<td>FSC Controlled Wood</td>
<td></td>
</tr>
<tr>
<td>Pre-Cons. Reclaimed</td>
<td>FSC Recycled Credit</td>
<td>FSC Recycled x%</td>
<td>FSC Recycled x%</td>
<td>No FSC Claims allowed</td>
<td>FSC Recycled Credit</td>
<td>No FSC Claims are allowed</td>
<td>No FSC Claims are allowed</td>
<td>FSC Controlled Wood</td>
</tr>
<tr>
<td>Post-Cons. Reclaimed</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>FSC Controlled Wood</td>
</tr>
<tr>
<td>Controlled Wood*</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>FSC Controlled Wood</td>
</tr>
</tbody>
</table>

1 Pre-consumer reclaimed materials are not eligible inputs in the transfer system.

2 This category includes wood sourced with FSC Controlled Wood claim and wood sourced as controlled according to FSC- STD-40-005.
Question: Is it possible to downgrade an FSC output Claim?

Answer: Yes, the following FSC output claims may be downgraded in any of the three systems for controlling FSC Claims (Transfer, Percentage and Credit System) as presented in the diagram below. In all cases, the FSC label shall correspond to the FSC invoice claim.

![Diagram of FSC claim categories]

NOTE: FSC Mix % and FSC Recycled % output claims may be downgraded to claims with a lower percentage. The downgrading of FSC Recycled Credit output claims is not allowed.
**Question:** If I am a retailer, do I need CoC certification to sell FSC products?

**Answer, part 1:** If you are not changing the product’s form or packaging in any way, but will simply resell it as a retailer; there is no need to be CoC certified. Retailers who buy finished and FSC labelled products from an FSC certified company and sell these on, unchanged, to end users AND wish to market them as an FSC certified products, need to apply for an FSC trademark license to enable them to use the FSC trademarks to promote these products. For more information on trademark licenses, please contact FSC Finland ([logo@fi.fsc.org](mailto:logo@fi.fsc.org)) or check on the website [fi.fsc.org](http://fi.fsc.org) for details (in Finnish) about the trademark license (tavaramerkkilisenssi).

**Answer, part 2:** If you will be altering the package (including breaking open plastic wrapping to sell pieces that are not individually marked with the FSC label) or will remanufacture the material, then yes, you will need CoC certification to sell the finished product as FSC-certified. In addition, if you wish to use your company’s certificate number in the FSC label instead of your supplier’s/manufacturer’s certificate number, applying for your own CoC certificate might suit your purposes better.

**NOTE:** the above answer applies to retailers selling items to the public. If you are a retailer selling to professional builders that are requesting FSC certification for LEED or other green building programs, you will need your own CoC certificate to provide to the professional customer as evidence.

**Question:** Manufacturing a forest product is often a continuous process. At the time that a certificate is issued there are likely to be products undergoing manufacture, products that have been manufactured but not yet shipped, and products that have been shipped but not yet put on sale by the buyer. So after the certificate issuance, when will the company products be eligible to carry the FSC logo?

**Answer:** (Refer to FSC-DIR-40-004) The scope of the certificate defines the point at which the certified CoC starts, and the point at which it finishes. The CoC certificate provides a credible guarantee of compliance with the requirements of the specified standards between these points. This guarantee is valid from the time that the certificate is issued. Any product, which is within the defined scope of the certificate at the time the certificate is issued, may be considered to comply with the requirements of the applicable standard(s). Such products may be eligible for sale as ‘FSC-certified’ products. Products that have already left the scope of the certificate at the time the certificate is issued cannot be considered to be certified. Normally this will mean that products that have already been sold, or shipped, prior to the issue of a certificate may not be described as certified, and are not eligible to carry the FSC Logo. Clearly, a company cannot issue an invoice describing products as certified prior to the issue of CoC certificate. Products sold without such an invoice cannot be described as certified, and are not eligible to carry the FSC logo.

In the case of joint FM and CoC certification, application of this guideline means that timber that had been felled prior to the issue of a certificate, but which has not yet been sold by the FM enterprise may be sold as certified.

Equivalent considerations apply when a certificate is withdrawn or expires. Products which left the CoC whilst the certificate was valid were certified, and remain certified even after the certificate has been withdrawn. Products which have not yet left the CoC at the time the certificate is withdrawn will not be certified.
Questions: In which language shall the FSC claims on sales and delivery documents be written?

Answer: The FSC Claims on sales and delivery documents shall be written in English in the case of international sales. However, it is acceptable that the FSC Claim is translated to the other languages in the case of sales at national level (e.g. when both supplier and customer are located in the same country) or when the official language in the country of the supplier and customer is the same.

Question: An FSC pulp producer ships its finished bales of pulp to a warehouse where it sits awaiting loading into ships or rail cars. The company does not relinquish ownership and the product is not altered in any way from the time it leaves the company facility to the warehouse and then into the ship or train. Is the process of warehousing considered outsourcing?

Answer: Storage sites should be exempt from CoC evaluations where they constitute ‘stopping places’ or intersections only as part of transport agreements between two CoC operations. In other words, where certain storage facilities are used (or rented) by transport service providers to fulfill a contractual agreement between two CoC certified operations, such sites should not be considered part of an outsourcing agreement. Where, however, a CoC operation contracts a transport service provider or the warehouse owner to store goods in the absence of an agreed delivery to a customer (and would then only place a delivery order at a later point in time, once a sales contract has been signed), such a scenario should be considered an extension of the storage site of the CoC operation and justify to look at it as an outsourcing arrangement.

Question: A printer outsources part of its production to a non-FSC certified contractor. Can the contractor buy FSC paper and add it to an outsourced production?

Answer: No, non-certified outsourcing contractors cannot buy and add forest-based material on their own, as per definition the contracting organization would not have ownership of all input materials. This would be different for certified contractors where they both act as contractors as well as suppliers with a purchase function on their own.

Question: Is it a must to put the FSC label on all certified products?

Answer: No, but the certified products must be sold with the correct FSC claim on the sales documents. Products such as sawn timber are often not labelled.