



SCIENTIFIC CERTIFICATION SYSTEMS

2000 Powell St., Ste. 600
Emeryville CA 94608 USA
phone: 1.510.452.8000 fax: 1.510.452.8001

SCS FSC CHAIN OF CUSTODY INDICATORS FOR FOREST MANAGEMENT ENTERPRISES

Any Forest Management Enterprise (FME) that wishes to sell FSC-certified product must develop a comprehensive set of procedures that describes how it will maintain control of FSC-certified material from “the stump to the forest gate,” or, in other words, from the forest of origin to the point at which the certified product changes ownership.

The purpose of this document is to provide COC indicators for FMEs located in regions in which the national or regional standards provide little or no guidance on FSC COC norms. This document is based on FSC Chain of Custody Standard (FSC-STD-40-004 V2-0), Forest Certification Reports (FSC-STD-20-007a V1-0, Box 1, section 6: Tracking, tracing and identification of certified products), Requirements for use of the FSC trademarks by Certificate Holders (FSC-STD-50-001 V1-2), and FSC Directive on Chain of Custody Certification (FSC-DIR-40-004 EN, updated 30 – March – 2011).

COC procedures that address all of these indicators are required for large-scale operations (>10,000 ha/ >24,710 acres) and Group/ Multiple FMU Certificates. SCS Auditors shall complete the fields labeled, “SCS Auditor Findings,” as well as any necessary check boxes for large-scale operations and Group/ Multiple FMU Certificates. For small-scale operations (<10,000 ha/ <24,710 acres; single-SLIMFs) the SCS auditor shall evaluate the indicators included in Appendix 1 of this document.

1. QUALITY MANAGEMENT

What you need to know: FSC COC systems require that FMEs have a representative with responsibility for its compliance with FSC requirements (a specific person or title). Training must be provided to staff for each procedure with records of training and a written training plan. **Complete records of all FSC-related activities, including sales and training, must be kept for at least five years.**

The indicators provided in the following sections shall be used to evaluate the FME’s COC Control System (CS) and the implementation of its COC control system.

1.1. CHAIN OF CUSTODY SCOPE AND COMPLIANCE INFORMATION:

<p>1.1.1. The FME shall provide the names or titles of its:</p> <p>A) COC administrator(s);</p> <p>B) Person/position(s) responsible for maintaining records on harvest volumes, invoices, and shipping documentation; and</p> <p>C) Person/position(s) responsible for labeling and promotional claims.</p>		
<p>SCS Auditor Findings:</p> <p><i>A) Include the name(s) and/or title(s) of the COC administrator(s).</i></p> <p><i>B) Include the name(s) and/or title(s) of personnel responsible for maintaining records on harvest volumes, invoices, and shipping documentation.</i></p> <p><i>C) Include the name(s) and/or title(s) of personnel responsible for labeling and promotional claims.</i></p> <p><i>Include any general findings, CARs, and OBSs related to COC indicator 1.1.1 here.</i></p>		
<p>1.1.2. The FME shall maintain complete records of all FSC-related COC activities, including sales and training, for at least 5 years.</p>		
<p>SCS Auditor Findings:</p> <p><i>Describe issue related to the FME's record keeping system, such as if records were missing or not made available or not maintained for 5 years.</i></p>		
<p>1.1.3. The FME shall define its forest gate(s).</p>		
<p>SCS Auditor Findings:</p> <p><i>Describe any major issues related to the FME's forest gate, including its authorized or unauthorized use by third parties for forest product storage, security, and related subjects uncovered during the field audit. Include any general findings, CARs, and OBSs related to COC indicator 1.1.3 here.</i></p>		
<p>1.1.4 The FME shall have sufficient control over its forest gate(s) as to ensure that there is no mixing of FSC-certified forest products covered by the scope of its FM/COC certificate with forest products from outside of the scope prior to the transfer of ownership, including the following:</p>		
<p>1.1.4.1. The FME and its contractors shall not process FSC-certified material prior to transfer of ownership at the forest gate without conforming to applicable chain of custody requirements.</p> <p><i>NOTE: This does not apply to log cutting or de-barking units, small portable sawmills or on-site processing of chips/biomass originating from the FMU under evaluation. If any such on-site processing is done by contractors, this must be covered in FME's outsourcing procedures.</i></p>		
<p>1. Does any processing of FSC-certified material occur prior to transfer of ownership at the forest gate?</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<p>1.1.4.2. The FME shall not acquire FSC-certified material from other FSC certificate holders without a valid FSC Chain of Custody certificate and adherence to its COC procedures.</p>		
<p>2. Does FME acquire FSC-certified material from other FSC certificate holders and</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

plan to sell that material as FSC certified?			
1.1.4.3. There shall be no mixing of non-FSC- and FSC-certified materials prior to transfer of ownership at the forest gate.			
3. Does mixing of non-FSC- and FSC-certified materials occur prior to transfer of ownership at the forest gate (i.e., FME has excised forested areas from the scope of the certificate and uses same logging decks for both FMUs)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
4. Is there a risk of mixing FSC-certified with non-certified material? If so, what steps are taken to remove this risk? <i>Describe steps taken to remove risk of mixing:</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<p>SCS Auditor Findings:</p> <p><i>Include any other general findings, CARs, and OBSs related to COC indicator 1.1.4 and its three sub-indicators here.</i></p> <p><i>If 'Yes' to question 1 above, primary or secondary processing facilities associated with the FME shall be inspected for conformity with the applicable chain of custody standard(s), and a separate report which meets the requirements of FSC-STD-20-011 Annex 1 shall be prepared. If only certified material(s) from the scope of the FME's certificate is processed on associated facilities, then a separate COC certificate is NOT required. A separate COC certificate IS required if there is mixing of certified and/or non-certified material(s) originating from FMUs outside of the scope of the FME's certificate during processing.</i></p> <p><i>If 'Yes' to 2 and/ or 3, FME must have a separate COC certificate. For question 4, evaluate the risk of mixing and FME's control of FSC-certified material. If SCS deems FME's COC control system insufficient or if FME is unable to ensure that FSC-certified material is not mixed with non-FSC-certified material at any stage up to- and including- the sale of the material, the FME must be evaluated to FSC-STD-40-004 and apply for a separate COC certificate.</i></p>			
FME must be evaluated to FSC-STD-40-004:	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
FME must apply for separate COC certificate:	<input type="checkbox"/> Yes	<input type="checkbox"/> No*	
FME was evaluated previously to FSC-STD-40-004:	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
FME already has a separate COC certificate:	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

**FSC-STD-20-011 Annex 1 is required as an attachment to FM report if FME must be evaluated to FSC-STD-40-004 if no separate COC certificate is required. Ask SCS staff for further details.*

1.2. TRAINING

<p>1.2.1. The FME shall maintain up-to-date records of its training program, including a list of trained employees, completed COC trainings, the intended frequency of COC training (i.e. training plan), and related training program materials (e.g., documents, presentations).</p>
<p>SCS Auditor Findings:</p> <p><i>Does the FME maintain up-to-date training records? Include any other general findings, CARs, and OBSs related to COC indicator 1.2.1.</i></p>
<p>1.2.2. All relevant personnel, including contractors, shall be trained in the FME's COC control system and demonstrate competence in implementing the FME's COC control system.</p>
<p>SCS Auditor Findings:</p> <p><i>Include any general findings, CARs, and OBSs related to COC indicator 1.2.2.</i></p>

1.3. FSC-CERTIFIED PRODUCT CONTROL, SALES AND DELIVERY

<p>1.3.1. The FME shall implement documented procedures for the following:</p> <p>A) Marking and/or segregating FSC-certified material from non-certified material;</p> <p>B) Tracking quantities of FSC-certified product and;</p> <p>C) Invoicing and other related documentation for FSC-certified product sales and delivery.</p>		
<p>A) Is FSC-certified material identifiable and separable from non-certified material at all stages prior to transfer of ownership at the forest gate(s)?</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No <i>Include CARs/OBSs below.</i>
<p>B) Are records of quantities/volumes of FSC-certified product complete, correct and up-to-date?</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No <i>Include CARs/OBSs below.</i>
<p>C) Is FSC-certified material for sale correctly classified on invoices and shipping documentation?</p> <p><i>For FM/COC certificates, the only acceptable claim on invoices and shipping documentation is "FSC Pure."</i></p> <p><i>For CW/FM certificates, the only acceptable claim on invoices and shipping documentation is "FSC Controlled Wood."</i></p> <p><i>Invoices/ shipping documentation must include the FME's certificate code when making an FSC sale. See Appendix 2 for more detailed information on required information on invoices and exceptions.</i></p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No <i>Include CARs/OBSs below.</i>
<p>SCS Auditor Findings:</p> <p><i>A) Include a description of how material is marked and/or segregated to ensure that it remains clearly identifiable and separable from non-certified material.</i></p>		

B) Describe how records of quantities/volumes of FSC-certified product are kept in inventories (e.g., log yards) and sales.

C) Describe how material originating from forests covered by the scope of the FME's FM/COC certificate is classified as FSC-certified on invoices and shipping documentation. To sell a product as FSC-certified, the FME's invoice and shipping documentation must include the FME's FSC FM/COC code (e.g., SCS-FM/COC-001234) and the FSC claim of each certified product (e.g., FSC Pure).

Include any other general findings, CARs, and OBSs related to COC indicator 1.3.1.

1.4. LABELING AND PROMOTION

<p>Does the FME use or plan to use FSC or SCS trademarks?</p> <p>All FSC logo and trademark rules are included in FSC-STD-50-001 V1-2. See www.fsc.org or contact SCS for access to the standard. Contact SCS for rules regarding the use of SCS trademarks.</p> <p>CW/FM certificates supplying FSC Controlled Wood shall not make claims regarding FSC Controlled Wood or use the statement 'FSC Controlled Wood' or the FSC Trademarks on-product or on point of sale materials or in any other promotional material. Any violation of this policy may be subject to corrective actions and/or immediate suspension. See Annex 3 of FSC Controlled Wood standard for forest management enterprises (FSC-STD-30-010 V2-0) for more information.</p>	<input type="checkbox"/> Yes Complete this section	<input type="checkbox"/> No Move on to next question.	
<p>Did the evaluation reveal any unauthorized or improper use of FSC or SCS trademarks by the FME not addressed in A)-C) below?</p>	<input type="checkbox"/> Yes Include CAR(s) in findings.	<input type="checkbox"/> No Skip this section.	
<p>1.4.1. The FME shall describe its on-product and promotional uses or intended uses of the FSC and/or SCS trademarks.</p>			
<p>SCS Auditor Findings: Include any general findings, CARs, and OBSs related to COC indicator 1.4.1.</p>			
<p>1.4.2. The FME shall implement documented procedures for the following: A) On-product labeling with FSC logos and trademarks; B) Off-product/ promotional use of FSC or SCS trademarks and; C) Use of SCS trademarks.</p>			
<p>A) Does the FME have records to prove that use of the FSC</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

trademarks in on-product labels was submitted to, reviewed, and approved by SCS prior to use?			
B) Does the FME have records to prove that off-product/ promotional use of the FSC trademarks is submitted to, reviewed, and approved by SCS prior to use?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
C) Did the FME correctly implement procedures for joint-use of SCS and FSC trademarks?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<p>SCS Auditor Findings:</p> <p><i>A) Describe the procedures implemented to ensure that all use of the FSC or SCS trademarks in on-product labels is submitted to, reviewed, and approved by SCS prior to use. This also should describe the procedures to ensure that only products originating from forests covered by the scope of the FME's FM/COC certificate are labeled with the approved FSC label. For already approved uses, the SCS auditor should ask the FME to show records.</i></p> <p><i>B) Describe the procedures implemented to ensure that all off-product/ promotional use of the FSC or SCS trademarks is submitted to, reviewed, and approved by SCS prior to use. This includes use of FSC Trademarks (e.g., FSC tick-mark logo) in brochures, websites, and advertisements. For already approved uses, the SCS auditor should ask the FME to show records. In the case of investment claims (i.e., TIMOs, REITs, and other investment management organizations), the FME shall follow section 9 of Part III of FSC-STD-50-001 (V1-2).</i></p> <p><i>C) Describe the procedures implemented for use of SCS trademarks. If FME wishes to use SCS trademarks, FME should include procedures to ensure that the FSC logo also be included if SCS trademarks are used for the promotion of FSC-certified products or the FSC system. If the FSC trademarks are used with the SCS trademarks, FME should describe procedures to ensure that the FSC trademarks NOT be reproduced in a way that is disadvantageous compared to the trademarks of SCS (e.g. in terms of logo or font size).</i></p> <p><i>In the case of group certificates for parts A)-C), it is the responsibility of the group entity to ensure that all uses of the FSC and/or SCS trademarks by the group entity or its individual members are approved by SCS prior to use. Group members must submit all approvals via the group manager or entity central office. Group members and/or the group entity must keep records of approvals. All FSC logo and trademark rules are included in FSC-STD-50-001 (V1-2). For Multiple FMU certificates, all trademark approval requests must be submitted to SCS via the central office or manager.</i></p> <p><i>CW/FM certificates supplying FSC Controlled Wood shall only be permitted to make claims regarding FSC Controlled Wood in business to business (B2B) relations with FSC certified Chain of Custody operations acquiring FSC Controlled Wood for the purpose of mixing with FSC certified material in mixed products. Immediately report to SCS staff any use of FSC claims by CW/FM certificates in violation of Annex 3 of FSC Controlled Wood standard for forest management enterprises (FSC-STD-30-010 V2-0).</i></p>			

Describe any unauthorized or improper use of FSC or SCS trademarks by the FME not already addressed in A)-C). Include any general findings, CARs, and OBSs related to COC indicator 1.4.2.

1.5. OUTSOURCING

What you need to know: If the FME outsources any of its chain of custody procedures (e.g., control, tracking, invoicing, labeling, etc.), processing or **handling** of FSC-certified material, the FME must retain ownership of that material, have procedures in place for working with the outsourcing organization(s), have an outsourcing agreement signed by the contractor(s), and provide the name and contact information of the contractor(s) to SCS. This applies to logging contractors and product transport services contracted by the FME to deliver the certified product to a designated FSC COC certificate holder. If the FME conducts stumpage sales (i.e., a certain FSC COC certificate holder purchases standing timber), then it is the responsibility of the certificate holder (either the FME or the purchaser) WHO ARRANGES for outsourced services to ensure that outsourcing procedures and agreements are in place.

1. Does FME outsource any processes involved in the control, tracking, invoicing or handling of FSC-certified material?	<input type="checkbox"/> Yes <i>Complete section</i>	<input type="checkbox"/> No <i>Move on to question 2.</i>
2. Did the audit reveal any use of outsourcing by the FME that was unaccounted for?	<input type="checkbox"/> Yes <i>Complete section</i>	<input type="checkbox"/> No <i>If 'no' to both questions 1 and 2, skip this section.</i>
1.5.1. The FME shall provide the names and contact details of all outsourced services associated with the control, tracking, invoicing, and handling of FSC-certified material prior to transfer of ownership at the forest gate(s).		
SCS Auditor Findings: <i>Include any general findings, CARs, and OBSs related to COC indicator 1.5.1.</i>		
1.5.2. The FME shall prepare documented outsourcing agreements (e.g., contracts) for all outsourced services related to the FME's COC control system that occurs prior to the transfer of ownership at the forest gate(s).		
SCS Auditor Findings: <i>Include any general findings, CARs, and OBSs related to COC indicator 1.5.2.</i>		
1.5.3. The FME and/or its contractors shall implement all outsourced COC control system processes, including those from sections 1.1-1.4, consistently.		
SCS Auditor Findings: <i>Were COC-related processes described in sections 1.1-1.4 outsourced to contractors consistently carried out? What and how are records associated with the outsourcing of the control, tracking, invoicing or handling of FSC-certified material maintained? Include any general findings, CARs, and OBSs related to</i>		

COC indicator 1.5.3.

APPENDIX 1 – CHAIN OF CUSTODY PROCEDURES FOR SMALL-SCALE OPERATIONS

Small-scale joint FM/COC operations' (<10,000 ha/ <24,710 acres; single-SLIMFs) COC procedures, at a minimum, shall include the following:

Tracking, tracing and identification of certified products		
<i>SCS auditors shall address each indicator in the findings section. Some sections for large-scale FMEs may be required.</i>		
1.1. An evaluation of the risk of products from non-certified sources (including any areas specifically excluded from the scope of the certificate) being mixed with products from the forest area evaluated.		
SCS Auditor Findings:		
1.2. A description of the control (tracking and tracing) systems in place that address the risk identified in 1.1 above.		
<i>If the evaluation does not include all the FMUs in which the FME is involved, the FME shall describe the special controls in place to ensure that there is no risk of confusion as to which products are certified, and which are not.</i>		
SCS Auditor Findings:		
1.3. Forest gate (check all that apply):		
<i>The forest gate is defined as the point where the change in ownership of the certified-forest product occurs.</i>		
<input type="checkbox"/> Stump <i>Stumpage sale or sales of standing timber; transfer of ownership of certified-forest product occurs upon harvest.</i>	<input type="checkbox"/> Log landing <i>Transfer of ownership of certified-product occurs at landing/yarding areas.</i>	<input type="checkbox"/> On-site concentration yard <i>Transfer of ownership of certified-product occurs at concentration yard under control of FME.</i>
<input type="checkbox"/> Off-site Mill/Log Yard <i>Transfer of ownership occurs when certified-product is unloaded at purchaser's facility.</i>	<input type="checkbox"/> Auction house <i>Transfer of ownership occurs at a government-run or private auction house/ brokerage.</i>	<input type="checkbox"/> Other: <i>Please describe</i>
SCS Auditor Findings:		
1.4. A description of the documentation or marking system that allows products from the certified forest area to be reliably identified as such at the forest gate(s) identified in 1.3, including the FSC-claim and FSC certificate code on invoices.		
SCS Auditor Findings:		
1.5. Does FME have any primary or secondary processing facilities (e.g., fully-integrated production)? <i>NOTE: This does not apply to log cutting or de-barking units, small portable sawmills or on-site processing of chips/biomass originating from the FMU under evaluation. They can be evaluated as part of the 'normal' forest evaluation procedures. If any such on-site processing is done by contractors, this must be covered in section 1.5 on outsourcing for large-scale operations.</i>	<input type="checkbox"/> Yes <i>Such sites shall be inspected for conformance to the applicable chain of custody standard(s) (e.g., FSC-STD-40-004). See 1.1.4 for large-scale FMEs.</i>	<input type="checkbox"/> No
SCS Auditor Findings:		
1.6. All uses of FSC and SCS trademarks shall be done in accordance to section "1.4 Labeling and Promotion" for large-scale FMEs.		
SCS Auditor Findings:		

APPENDIX 2 – REQUIRED INFORMATION ON INVOICES

The following is based on see FSC-STD-40-004 V2-0 Clause 6.1.1 and 6.1.2:

6.1.1. The organization shall ensure that all invoices issued 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 Forest Management (FM/COC) or FSC Controlled Wood (CW/FM) 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 Controlled Wood" for products from FSC Controlled Wood product groups.
- h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.

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.

The following is based on ADVICE-40-004-05 within FSC-DIR-40-004 as updated on 30 – March – 2011:

When the FME has demonstrated it is not able to include the required FSC claim as specified above in 6.1.1 and 6.1.2 in sales and delivery documents due to space constraints, through an exception, SCS can approve the required information to be provided through supplementary evidence (e.g. supplementary letters, a link to the own company's webpage with verifiable product information). This practice is only acceptable when SCS is satisfied that the supplementary method proposed by the FME complies with the following criteria:

- a) There is no risk that the customer will misinterpret which products are or are not FSC certified in the document;
- b) The sales and delivery documents contain visible and understandable information so that the customer is aware that the full FSC claim is provided through supplementary evidence;
- c) In cases where the sales and delivery documents contain multiple products with different FSC Claims, a clear identification for each product shall be included to cross-reference it with the associated FSC claim provided in the supplementary evidence.