



FSC® INTERNATIONAL STANDARD

Chain of Custody certification of multiple sites

FSC-STD-40-003 V2-0 D2-0 EN



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

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

Foreword

The requirements specified in this standard apply to the Chain of Custody (COC) certification of a network of sites. These requirements are designed to ensure that the assessment provides adequate confidence in the conformity of the quality management system and that such assessment is practical and feasible in economic and operative terms.

This standard results from a major review process of the group and multi-site requirements, where the FSC policy for group certification and the FSC standard for multi-site certification were merged into a single standard. This contributes to the simplification and improvement of the overall consistency of the FSC Normative Framework.

Version History

- V1-0 Approved by the FSC Board of Directors at their 45th meeting, June 2007.
- V2-0 (Document under development)

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A Scope

This standard stipulates the requirements that shall be followed by FSC Chain of Custody operations that want to include more than one single site or legal entity within the scope of one certificate. All aspects of this standard are considered to be normative, including the scope, standard effective date, references, terms and definitions, tables and annexes, unless otherwise stated.

B Effective and validity dates of this standard

Effective date _____

Mandatory date _____

Period of validity Until _____ (or when superseded by a revised version)

C References

For references without a version number, the latest edition of the referenced document (including any amendments) applies.

FSC-STD-40-004 FSC Standard for Chain of Custody Certification

IAF MD 1:2007 IAF Mandatory Document for the Certification of Multiple Sites Based on Sampling

D FSC normative documents superseded and replaced by this standard

FSC-POL-40-002 (2004) Group Chain of Custody (COC) Certification: FSC Guidelines for Certification Bodies

FSC-STD-40-003 V1-0 Standard for multi-site certification of Chain of Custody operations

FSC-ADV-40-018 V1-0 EN Scope and applicability of FSC-STD-40-003

E Terms and definitions

For the purposes of this international standard, the terms and definitions given in *FSC-STD-01-002 FSC Glossary of Terms*, *FSC-STD-40-004 FSC Standard for Chain of Custody Certification* and the following apply:

ASI: Acronym of Accreditation Services International (ASI), the organization responsible for the FSC accreditation.

Central Office: The identified central function (e.g. office, department or person) of a certified multi-site or group, that holds ultimate management responsibility for maintaining the certification contract with the certification body and is the party responsible for upholding the Chain of Custody system and ensuring that the requirements of the relevant Chain of Custody certification standard(s) are met at the Participating Sites.

Central Office's audits: Monitoring activity of the Participating Sites carried out by the Central Office of a group or multi-site certificate to verify that all the requirements of certification (including the relevant certification standards and any other requirements of the Certification Body and Central Office) are fully implemented at the Participating Sites.

Certificate Manager: The main responsible party for the management of a multi-site or group certificate with legal or management authority, knowledge and technical support necessary to implement the responsibilities specified in this standard, and to manage the number of members under the certificate scope.

Common Ownership: All sites under the scope of the COC certificate are owned by the same company that has minimum ownership or voting power of 51% over the sites.

FSC Trademark License Code: Identification code issued to organizations that have signed the FSC License Agreement. It is used to identify the organization in the FSC license holder database and must accompany any use of the FSC trademarks.

Participating Site: Site of an organization or single legal entity included in the scope of a multi-site or group certificate. Subcontractors that are used within the terms of outsourcing agreements are not considered Participating Sites.

Retailer: Organization that sell goods to the public in relatively small quantities for use or consumption rather than for resale. (Dictionary of Business, Oxford University Press, 1996).

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 or the associated network. Sites may be part of the same organization or independent legal entities. Typical examples of sites are trading facilities, manufacturing sites, sales offices, branches and franchises.

Surveillance: Systematic iteration of conformity assessment activities as a basis for maintaining the validity of FSC certification.

Suspension: Temporary invalidation of the FSC certification for all or part of the specified scope of attestation.

Total Annual Turnover: Total revenue of an organization derived from the provision of goods and services, less trade discounts, VAT, and any other taxes based on this revenue (Dictionary of Business, Oxford University Press, 1996). In the context of group COC certification, turnover refers to the total annual revenue (gross annual sales) from all goods and services of an organization, not just certified forest based products (wood and non-timber forest products). The annual turnover refers to the most recently completed fiscal year.

Withdrawal: Revocation or cancellation of the FSC certification.

Verbal forms for the expression of provisions

[Adapted from *ISO/IEC Directives Part 2: Rules for the structure and drafting of International Standards*]

“*shall*”: indicates requirements strictly to be followed in order to conform to the standard.

“*should*”: indicates that among several possibilities one is recommended as particularly suitable, without mentioning or excluding others, or that a certain course of action is preferred but not necessarily required. A certification body can meet these requirements in an equivalent way provided this can be demonstrated and justified.

“*may*”: indicates a course of action permissible within the limits of the document.

“*can*”: is used for statements of possibility and capability, whether material, physical or causal.

PART I: ELIGIBILITY

- 1 Multiple sites may be included in the scope of a COC certificate without the need for compliance with Part II of this standard if they comply with all of the following eligibility criteria:
 - a) One single site within the scope of the COC certificate:
 - i. Is acting as the certificate holder;
 - ii. Is responsible for invoicing for certified and non-certified materials or products covered by the scope of the certificate to external clients;
 - iii. Controls the use of the FSC Trademarks.
 - b) All sites within the scope of the COC certificate:
 - i. Operate under a common ownership structure;
 - ii. Are managed under direct control of the certificate holder;
 - iii. Have an exclusive business relationship with each other for the output materials or products covered by the scope of the certificate;
 - iv. Are located in the same country.

NOTE: In this scenario, the certification requirements are defined in FSC-STD-40-004 and all sites included in the scope of the certificate have to be evaluated by the certification body within each audit (no audit sampling applies).

- 2 Multiple sites or legal entities may be included in the scope of a Multi-site COC certificate if they comply with the requirements in Part II of this standard and at least one of the following eligibility criteria:
 - a) Organizations operating multiple sites, where all Participating Sites and Central Office are linked through common ownership or through franchise models, or
 - b) Retailers, where the Participating Sites are linked through common management or legal agreements and all sites are under a common centralized administered and controlled management system that has authority and responsibilities beyond those related solely to certification.

NOTE: Authority and responsibilities mentioned above may include, e.g.: establishing operational requirements, maintaining financial data, ensuring legal compliance, operating under the same brand name.

NOTE: In this scenario, the sites or entities can be evaluated by the certification body based on a defined sampling methodology.

- 3 Groups of independent “small” organizations are eligible to be included in the scope of a Group COC certificate if they comply with the requirements in Part II of this standard and all of the following eligibility criteria:
 - a) Each Organization shall qualify as “small” as defined by:
 - i) no more than 15 employees (full time equivalent), or
 - ii) no more than 25 employees (full time equivalent) and a maximum total annual turnover of US\$ 1,000,000.
 - b) All Organizations shall be located in the same country as the certificate holder.

NOTE: FSC-PRO-40-002 authorizes FSC National Offices to define nationally specific eligibility criteria for COC Group certification. National eligibility criteria approved by FSC

supersede the ones in Clause 3 a) above and are published on the FSC website (in FSC-PRO-40-002a).

- 3.1 Staff from non-FSC certified contractors that regularly provide outsourced services to the certified organization that is classified as “high risk outsourcing” (according to the requirements specified in FSC-STD-20-011) shall count towards the maximum number of employees.

NOTE: In this scenario, the sites or entities can be evaluated by the certification body based on a defined sampling methodology.

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PART II: Specific requirements for Multi-site and Group COC certification

The requirements in Part II of this standard apply equally in the case of Multi-site and Group COC certification, unless otherwise specified.

4 General requirements

- 4.1 The Multi-site or Group certificate shall be administered by a Central Office, which shall be or act on behalf of the organization holding the certificate.
- 4.2 The Central Office shall be responsible for ensuring that all applicable certification requirements are met by all Participating Sites within the scope of the certificate. The Central Office shall demonstrate its management system's capacity, as well as technical and human resources to manage the number of Participating Sites within the scope of the certificate.
- 4.3 Where the Participating Sites are not linked through common ownership, a 'consent form' or a contract shall be signed by each Participating Site, including the following:
 - a) Acknowledgement and agreement to the general obligations and responsibilities for participation in the Multi-site or Group certificate, as stipulated by this standard, the certification contract and the documented procedures of the Central Office;
 - b) Agreement to comply with all applicable FSC certification requirements and the documented contractual obligations and procedures of the Central Office;
 - c) Authorization of the Central Office to apply for and administer the FSC Chain of Custody certification on behalf of the Participating Site;
 - d) Acknowledgement of mutual responsibility for certificate maintenance, where non-conformities identified at the level of the Participating Sites or the Central Office may result in corrective action requests, certificate suspension and/or certificate withdrawal.

NOTE (For information only): Five or more Major Corrective Action Requests (CARs) issued to the Central Office by the Certification Body result in suspension of the entire certificate. Five or more Major CARs issued to a Participating Site by the Certification Body result in suspension of that particular Participating Site, but does not necessarily result in the suspension of the entire certificate. Non-conformances identified at the level of a Participating Site level may result in non-conformances at the Central Office when the non-conformances are determined to be the result of the Central Office's performance (e.g. where identical CARs are issued to several Participating Sites, the CAR may be a result of ineffective training or support by the Central Office).

- 4.4 An organization may hold a certificate for less than 100% of their associated sites. It is also acceptable that a Central Office holds more than one certificate. In both cases, clear procedures shall exist for ensuring that only the Participating Sites (sites included in the respective FSC certificate) claim their products as FSC certified and use the FSC trademarks.
- 4.5 All Participating Sites shall be subject to the Central Office Audit Program.

NOTE: The Certification Body conducts an initial assessment and annual surveillance audits of the Central Office Audit Program as well as of a sample of the Participating Sites.

The Central Office is exempt from implementing an annual Audit Program if the Certification Body conducts annual audits of all Participating Sites (100% audit sampling). However, an annual surveillance audit of the Central Office by the Certification Body will always be conducted.

- 4.6 A Participating Site can also act as the Central Office. In this case, this Participating Site is not required to be included in the Central Office Audit Program, but shall be annually audited by the Certification Body for verification of compliance with all applicable certification requirements.

5 Requirements for the Central Office

5.1 Quality management

Responsibilities

- 5.1.1 The Central Office shall assign a Certificate Manager with legal or management authority, knowledge and technical support necessary to implement the responsibilities specified in this standard and manage the number of Participating Sites.

Documented Procedures

- 5.1.2 The Central Office shall develop, implement and maintain documented procedures covering the applicable requirements of this standard, including clear procedures for inclusion and removal of Participating Sites.

Training

- 5.1.3 The Central Office shall ensure that the Certificate Manager and Central Office's auditors are qualified and trained to perform their responsibilities, including:
- a) Implementing procedures for evaluation of Participating Sites against the applicable FSC Chain of Custody standards and Central Office procedures;
 - b) Verifying the correct use of the FSC trademarks;
 - c) Writing audit reports.
- 5.1.4 For Multi-site or Group certificates with more than 20 Participating Sites, the Certificate Manager and Central Office's auditors shall additionally be trained to conduct audits in accordance with ISO 19011¹.
- 5.1.5 The Central Office shall ensure that a training program for Participating Sites is established, implemented, and maintained that enables them to meet the requirements of the relevant Chain of Custody certification standards.

Records

- 5.1.6 The Central Office shall keep and maintain up-to-date records of all Participating Sites within the scope of the certificate, including:
- b) List of all Participating Sites, including contact information (name, phone number, email address, physical address), appointed Certificate Manager, date of entry into the Multi-site or Group certificate, date of withdrawal from the scope of the certificate and the certificate sub-code assigned;

¹ No accredited training is required. It is acceptable that the Certificate Manager provides the training to the Central Office's auditors.

- c) Where applicable (as required in Clause 4.3), the signed 'consent form' or contract of each Participating Site;
- d) Records demonstrating the scope of COC certification for each Participating Site;
- e) Records of all Central Office's audits, nonconformities identified in such audits, actions taken to correct them, and management review of the Central Office's audits (according to Clause 5.2.8);
- f) Training provided by or on behalf of the Central Office and of participation therein;
- g) List of Central Office's auditors and their qualifications.

5.1.7 The records shall be archived for at least five (5) years and shall be made available to the Certification Body on request.

5.2 The Central Office Audit Program

5.2.1 The Central Office shall carry out an initial audit of each applicant to ensure that they comply with all the requirements of the applicable Chain of Custody certification standard(s) and with any additional requirements for participation in the Multi-site or Group (e.g. eligibility) prior to their inclusion as a Participating Site in the scope of the certificate.

5.2.2 The Central Office shall conduct annual audits of all Participating Sites to evaluate continued conformity with all applicable requirements. The Central Office may opt to waive its annual audit for Participating Sites that:

- a) Have already been audited by the Certification Body in the current year; and/or
- b) Sign a declaration stating that no material has been FSC labeled, sourced as controlled material, or sold as FSC-certified or FSC Controlled Wood since the last audit.

NOTE: The Central Office shall not waive more than two consecutive audits for each Participating Site.

5.2.3 All audits (initial and annual surveillance audits) conducted by the Central Office shall be conducted on-site, except in the following cases where a desk audit (remote audit) is sufficient:

- a) Participating Sites that do not take physical possession of products or Participating Sites handling exclusively FSC certified products.
- b) For Multi-site certificates formed by retailers according to Clause 2 b) above and where all Participating Sites use the same integrated software system for the controlling of stocks and sale of FSC certified products, it is acceptable that the Central Office conducts on-site audits of at least 20% of the total number of Participating Sites and the remaining shall be audited through desk audits (remote audits).

5.2.4 For Multi-site or Group certificates where all Participating Sites are linked through common ownership, the Central Office's annual audits may be performed by internal auditors from the Participating Sites, if trained according to the requirements specified in Clause 5.1.3 and 5.1.4.

5.2.5 The selection of Central Office's and internal auditors shall consider the following:

- a) The professional experience and ability of the auditor to evaluate all aspects of the applicable FSC Chain of Custody standards according to the scale and complexity of the Participating Site being assessed;
- b) The auditor shall be fluent in the language of the country or region where the Participating Site is located;
- c) The auditor shall be objective and impartial. Auditors shall not audit activities for which they are responsible to oversee or participate in or for which they have any other conflict of interest.

5.2.6 The Central Office shall have the formal authority to issue Corrective Action Requests (CARs) to the Participating Sites and to enforce implementation, according to the requirements specified in Annex A.

5.2.7 The Central Office shall document its audits in reports for each audited Participating Site covering at minimum the following items:

- a) Participating Site details (sufficient to identify the site);
- b) Checklist covering all certification requirements applicable to the Participating Site, providing a systematic presentation of findings and demonstrating compliance or non-compliance with each requirement;
- c) Status of CARs issued by the Certification Body and/or by the Central Office, including CARs issued during previous audit and current ones;
- d) Verification of FSC material balance for each Participating Site;
- e) Summary of audit conclusions, including the decision on whether or not the site is eligible to be included or remain in the scope of the certificate.

5.2.8 The Central Office shall conduct an annual management review of its audit program and procedures. The results of all audits shall be included in the review in order to address any necessary changes or identified issues.

5.3 Provision of information and documents to Participating Sites

5.3.1 The Central Office shall provide each Participating Site with documentation, specifying the relevant terms and conditions of participation and certification. The documentation shall include:

- a) Copies of the applicable Chain of Custody standard(s);
- b) Copies of the the documented procedure(s) of the Central Office;
- c) Explanation of the certification process;
- d) Explanation of the Certification Bodies' and ASI's rights to access the Participating Site for the purposes of external evaluation and control (incl. unannounced audits);
- e) Explanation of the Certification Bodies', ASI's and FSC's requirements with respect to collecting and publishing information;
- f) Explanation of any obligations with respect to participation in the certificate, such as:
 - i. Use of controls for tracking FSC-certified materials or products;

- ii. Requirement to correct non-conformities issued by the Certification Body or the Central Office within their established timelines;
- iii. Requirements related to marketing or sales of products covered by the scope of the certificate;
- iv. Proper use of the assigned certificate sub-code and FSC trademark license code.

5.4 Number and increase of Participating Sites in the certificate scope

5.4.1 Certificates where the Participating Sites are linked through common ownership are not limited in the maximum number of Participating Sites.

5.4.1.1 Certificates where the Participating Sites are not linked through common ownership are limited to a maximum number of 500 Participating Sites.

5.4.2 The Central Office is authorized to add new Participating Sites to the certificate scope at any time within the annual growth limit approved by its Certification Body.

NOTE: The Certification Body will annually evaluate the ability of the Central Office to manage the number of Participating Sites in the certificate and approve an annual growth rate up to a limit of 100% based on the number of Participating Sites at the time of the audit. Where a certificate has 20 (twenty) or fewer Participating Sites at the time of the main evaluation, the Certification Body may approve a growth rate higher than 100%, based on the demonstrated capacity of the Central Office to manage a higher number of Participating Sites.

5.4.3 Groups or multi-sites without a Central Office Audit Program (see Section 4.5, above) shall request an expansion of scope from their Certification Body if they wish to add Participating Sites to their certificate.

5.4.4 If the number of Participating Sites is going to exceed the approved growth limit, new sites can only be added to the certificate after the Certification Body has done an audit of the Central Office and of a sample of the new sites.

NOTE: In the audit for inclusion of new Participating Sites, the Certification Body may establish a new growth limit for the period between the expansion of scope audit and the next Certification Body's surveillance audit.

5.4.5 New Participating Sites added within the growth limit shall be considered certified after its inclusion in the FSC database of registered certificates. This requires the submission of the Central Office's audit report for each applicant site to the Certification Body.

5.4.6 If a Participating Site in a "Group COC certificate" stops complying with the eligibility criteria due to an increase in employees or turnover (see Clause 3.1), its participation in the group would become 'transitional'. The transitional status is allowed for a maximum of two (2) consecutive years. After this period, the Participating Site will have to leave the group.

5.4.7 When a Participating Site leaves the certificate, the Central Office shall inform the Certification Body in writing within three (3) working days.

6 Requirements for Participating Sites

6.1 Each Participating Site shall be responsible for:

- a) Assigning a representative as the contact for the Central Office that has legal or managerial authority to ensure the implementation of and adherence to all

applicable procedures necessary for compliance with the relevant FSC certification requirements and Central Office procedures, including any outsourced activities;

- b) Compliance with all applicable FSC Chain of Custody certification requirements;
 - c) Compliance with all applicable participation requirements as specified by the Central Office;
 - d) Responding effectively to all requests from the Central Office or the Certification Body;
 - e) Informing the Central Office of all changes in ownership, staff, procedures or processes that may affect compliance with certification or participation requirements;
 - f) Providing full cooperation and assistance with respect to the satisfactory completion of audits performed by the Central Office, the Certification Body or ASI;
 - g) Ensuring that all CARs issued by the Central Office or the Certification Body are addressed within their established timelines.
- 6.2 For sale of FSC certified products, Participating Sites shall use their assigned sub-code on sales documentation.

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ANNEX A: Requirements for the issuance of CARs by the Central Office

- 1 The Central Office's auditor shall evaluate each identified non-compliance to determine whether it constitutes a minor or major non-compliance. Non-compliances shall lead to Corrective Action Requests (CARs) or removal of the Participating Site from the certificate.

NOTE: The Central Office's auditor may also identify the early stages of a problem which does not of itself constitute non-compliance, but which the auditor considers may lead to a future non-compliance if not addressed by the Participating Site. Such observations should be recorded in the audit report as 'observations'.

- 1.1 A non-compliance may be considered minor if:
 - a) it is a temporary lapse, or
 - b) it is unusual/non-systematic, or
 - c) the impacts of the non-compliance are limited in their temporal and organisational scale, and
 - d) it does not result in a fundamental failure to achieve the objective of the relevant requirement.
- 1.2 A non-compliance shall be considered major if, either alone or in combination with further non-compliances, it results in, or is likely to result in a fundamental failure to achieve the objective of the relevant requirement in the Participating Site within the scope of the evaluation. Such fundamental failure shall be indicated by non-compliance(s) which:
 - a) continue over a long period of time, or
 - b) are repeated or systematic², or
 - c) affect a wide range of the production, or
 - d) are not corrected or adequately responded to by the responsible managers once they have been identified.
- 2 The Central Office shall consider the impact of a non-compliance, taking account of how it affects the integrity of the affected supply chains for FSC-certified products and the credibility of the FSC trademarks, when evaluating whether a non-compliance results in or is likely to result in fundamental failure to achieve the objective of the relevant requirement.
- 3 CARs shall have the following maximum timeframes:
 - a) Minor non conformities shall be corrected within one (1) year or by the next Central Office's audit (whatever happens first);
 - b) Major non conformities shall be corrected within three (3) months.
- 4 The Central Office's auditor shall determine whether the corrective action has been appropriately implemented within its timeframe. Minor CARs that are not closed within the established timeframes shall be upgraded to Major CARs. Participating Sites that do not comply with Major CARs within established timeframes shall be immediately removed from the certificate scope until they are able to close the CAR.

² The Central Office's auditor shall determine whether the number and impact of a series of minor non-compliances identified during evaluation is sufficient to demonstrate 'systematic' failure (i.e. failure of management systems). If this is the case then the repeated instances of minor non-compliances shall constitute a major non-compliance.

- 5 The occurrence of five or more major non-compliances in a surveillance audit shall be considered as a breakdown of the Chain of Custody system and the Participating Site shall be immediately removed from the Multi-site or Group COC certificate.
- 6 Participating Sites that have received Major CARs during the initial audit by the Central Office shall not be included in the scope of the Multi-site or Group COC Certificate until the Major CARs are closed.

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