



Directive

# FSC DIRECTIVE ON CHAIN OF CUSTODY EVALUATIONS

FSC-DIR-20-011 EN

30 March 2022



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**Title:** FSC Directive on Chain of Custody Evaluations

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**Dates:** **Last updated:** 30 March 2022

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## **FOREWORD**

FSC received various comments from certification bodies and stakeholders requesting a reduction in the number of normative documents to make the documented certification system more comprehensible. FSC therefore combined all previous advice notes related to a standard into single documents which are called “directive”. Where new advice notes are approved, these will be added to the directive and the revised document will be reissued.

The intention of this document is to standardize understanding and implementation of requirements by FSC accredited certification bodies.

This document will be revised as required. The content of the directive will be incorporated into the related standards in each major review as feasible.

Changes and amendments to the directive will be announced to stakeholders immediately.

## **NOTE ON USE OF THIS DIRECTIVE**

All aspects of this document are normative, including the scope, effective date, references, terms and definitions, tables, and annexes, unless otherwise stated.

# CONTENTS

<b>A</b>	<b>Scope</b>	<b>5</b>
<b>B</b>	<b>Effective date</b>	<b>5</b>
<b>C</b>	<b>References</b>	<b>5</b>
<b>D</b>	<b>Terms and Definitions</b>	<b>5</b>
<b>E</b>	<b>Abbreviations</b>	<b>6</b>
<b>PART 1 General issues</b>		<b>7</b>
<b>PART 2 FSC Advices</b>		<b>8</b>

## A SCOPE

This document provides FSC's formal interpretation of the requirements included in FSC-STD-20-011.

## B EFFECTIVE DATE

The effective date is specified for each advice separately.

## C REFERENCES

The following referenced documents are relevant for the application of this document.

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

<b>FSC-PRO-01-001</b>	Development and Revision of FSC Normative Documents Procedure
<b>FSC-STD-20-011</b>	Chain of Custody Evaluations Standard
<b>FSC-STD-40-004</b>	Chain of Custody Certification Standard
<b>FSC-STD-40-005</b>	Requirements for Sourcing FSC Controlled Wood Standard

## D TERMS AND DEFINITIONS

For the purposes of this document, the terms and definitions included in FSC-STD-01-002 FSC Glossary of Terms, and the following apply:

**Advice Note:** errata or addenda to normative documents.

**Change request:** a documented and justified request from any stakeholder for adding, deleting or changing a requirement of an approved and valid FSC normative document.

**Directives:** compilations of Advice Notes.

**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 with 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 ‘should requirement’ can be met 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.

## **E ABBREVIATIONS**

**ASI** Assurance Services International

**COC** Chain of Custody

**FM** Forest Management

**FSC** Forest Stewardship Council

**NRA** National Risk Assessment

**PSU** Performance and Standards Unit

## PART 1 GENERAL ISSUES

1. The FSC Directive contains all advice notes related to a specific FSC international policy or standard that are collected into a single document for improved accessibility for certification bodies, certificate holders and other interested stakeholders. The FSC Directive provides clear advices on the implementation of FSC's international policies and standards.
1. If a certification body is in doubt about the correct implementation of an FSC normative document, the certification body must request clarification from the FSC Policy and Standards Unit. If required, such clarification will be provided in the form of a new advice note or standard interpretation.
2. Prior to the finalisation of an advice note, a certification body may make its own decision in relation to a question for which clarification has been sought. In such a case, responsibility for the consequences of the decision shall rest exclusively with the certification body concerned. Formal advice note subsequently provided by the FSC International Center will be applicable retrospectively.
3. The advices provided in this document represent the formal position of the FSC International Center unless and until it is superseded by the approval of a more recent policy, standard, or advice note. In such cases the requirements specified in the more recent document shall take precedence.
4. Certification bodies are required to comply with the most recent formal advice notes, and the Accreditation Services International will base its evaluations and issue of corrective actions on these.
5. Policy and Standards Director or the FSC Director General. If a certification body wishes to contest the advice provided it may do so by requesting a formal review and decision by the FSC Policy and Standard Committee. Until and unless such a review and decision has been finalised, the certification body shall continue to comply with the position of the FSC International Center.
6. Directives are under continual review and may be revised or withdrawn in response to new information, experience or changing circumstances, for example by the development of new policies or standards approved by the FSC Board of Directors.

## PART 2 FSC ADVICES

<b>ADVICE 20-011-01</b>	Evaluation of Minor Components Derogation Applications (Withdrawn)
<b>ADVICE 20-011-02</b>	Ensuring compliance when resuming FSC activity
<b>ADVICE-20-011-03</b>	When shall an FSC Controlled Wood code be issued by the certification body? (Withdrawn)
<b>ADVICE-20-011-04</b>	Field verification audits, results, decision making and required actions for company verification program (Withdrawn)
<b>ADVICE-20-011-05</b>	What is the sampling rate and pool that certification bodies shall use for field evaluations of supplies from sources with unspecified risk? (Withdrawn)
<b>ADVICE-20-011-06</b>	What are examples of major non-compliances with the requirements of FSC-STD-40-005 V2-1? (Withdrawn)
<b>ADVICE-20-011-07</b>	Can a Certification Body issue a certificate that gives exclusive rights of commercialization to the organization who had paid for the certificate? (Withdrawn)
<b>ADVICE-20-011-08</b>	Can a manufacturer at the end of the chain possess a COC certificate covering the several links of the supply chain? (Withdrawn)
<b>ADVICE-20-011-09</b>	Requirements for transition from version V2-1 to version V3-1 of the controlled wood standard FSC-STD-40-005
<b>ADVICE-20-011-10</b>	Replacement of onsite audits by desk (remote) audits
<b>ADVICE-20-011-11</b>	Precautionary approach towards conflicting legislation and differing interpretations of laws and regulations
<b>ADVICE-20-011-12</b>	Remove option for waiving surveillance audits
<b>ADVICE-20-011-13</b>	Restrictions for certification related to Wood Charcoal in Ukraine for traders, for multi-site and group certification and outsourcing activities
<b>ADVICE-20-011-14 V1-1</b>	Verification audits for material sold and produced but not dispatched prior to suspension (Amended)



## **ADVICE-20-011-01 Evaluation of Minor Components Derogation Applications**

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**Status** Withdrawn

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## **ADVICE-20-011-02 Ensuring organizations' compliance with newly effective standard requirements when resuming FSC business activity**

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**Normative reference** FSC-STD-20-011 V4-0, Clause 3.3

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**Effective date** 16 March 2009 – first version  
28 November 2017 – current version

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**Background** This advice provides clarification to certification bodies regarding their responsibilities for surveillance of organizations holding an FSC Chain of Custody certificate that are to be evaluated within the applicable audit cycle against a newly approved certification standard or a new release following a major revision. The Advice Note addresses the following situations:

- the organization is opting to waive its surveillance audit following FSC-STD-20-011 V4-0, Clause 3.3
- the organization's certificate is currently suspended

The FSC-STD-20-011 standard does not indicate whether certification bodies could also waive surveillance audits in the event that a required new certification standard (or a new version after a major revision) has become effective since the previous audit.

Neither is it clear whether any additional safeguards would have to be put in place in order to prevent an organization from restarting its FSC activities based on outdated certification requirements in the event of a lapse of surveillance audits due to a qualified waived audit or certificate suspension.

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**ADVICE** 1. For surveillance audits at the time of which a required certification standard has become effective – newly or following a major revision – clause 3.3 may only be applied with the following amendment to the conditions stipulated by its sub-clauses:

1.1. The certification body shall conduct an assessment of the organization's procedures against the relevant new standard requirements at the regular time scheduled for the surveillance audit.

1.2. The assessment shall be carried out on-site if:

- a. the organization's Chain of Custody system requires adjustments due to changed requirements that, if left unaddressed, are likely to result in major non-compliances;
- b. the organization will use a new system for controlling FSC claims under a specific product group (FSC-STD-40-004);

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c. the certification body deems this necessary to evaluate the implementation of corrective action requests or a change of the certificate scope.

NOTE: The intent is to ensure that organizations are in full compliance with the new or revised standard at the time they again take up activities under the scope of their FSC Chain of Custody certificate.

2. In case a suspension of an organization's Chain of Custody certificate extends beyond the scheduled time of their regular surveillance audit at the time of which a certification standard has become effective – newly or following a major revision – the the certification body shall conduct an assessment of the organization's procedures to ensure that they are in compliance with relevant new standard requirements at the time when suspension is lifted.

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**ADVICE-20-011-03 When shall an FSC Controlled Wood code be issued by the certification body?**

Status Withdrawn

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**ADVICE-20-011-04 Field verification audits, results, decision making and required actions**

Status Withdrawn

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**ADVICE-20-011-05 What is the sampling rate and pool that certification bodies shall use for field evaluations of supplies from sources with unspecified risk?**

Status Withdrawn

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**ADVICE-20-011-06 What are examples of major non-compliances with the requirements of FSC-STD-40-005 V2-1?**

Status Withdrawn

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**ADVICE-20-011-07 Can a Certification Body issue a certificate that gives exclusive rights of commercialization to the organization who had paid for the certificate?**

Status Withdrawn

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**ADVICE-20-011-08 Can a manufacturer at the end of the chain possess a COC certificate covering the several links of the supply chain?**

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**Status** Withdrawn

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**ADVICE-20-011-09 Requirements for transition from version V2-1 to version V3-1 of the controlled wood standard FSC-STD-40-005**

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**Normative reference** FSC-PRO-01-001 V3-1, Clauses 12.3, 12.5;  
FSC-STD-20-001 V4-0, Clauses 4.3.5, 4.3.6, 4.3.16, 4.7.1;  
FSC-STD-20-011 V4-0, Clause 6.1.

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**Effective date** 28 November 2017

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**Background** In 2015 FSC published a revised controlled wood standard FSC-STD-40-005 V3-0, which introduced major changes to the controlled wood requirements. Through subsequent revision of this standard to V3-1, the end of the transition period to this standard was set on 31 December 2017.

FSC has observed the low rate of the transition within the transition period and received requests for extending the transition period.

FSC recognizes that in many cases the late transition is caused by the demanding revised requirements and the additional time needed to implement the revised standard. Therefore, FSC introduces this advice note to address exceptional circumstances introduced by the standard FSC-STD-40-005 V3-1 to facilitate the transition to this standard.

This advice note was approved by FSC Director General on 16th November 2017.

NOTE: The transition period is not extended by this advice note.

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- ADVICE**
1. Evaluation of certificate holders according to the standard FSC-STD-40-005 V3-1 meets the transition requirements as per Clause 12.3 in FSC-PRO-01-001 V3-1, if all the following requirements are met:
    - a. The certification body has been accredited to the evaluations according the standard FSC-STD-40-005 V3-0 or V3-1 by 31 December 2017;
    - b. The audit plan has been shared with the client (as per Clause 4.3.5 in FSC-STD-20-001 V4-0) by 31 December 2017;
    - c. The audit team has been assigned (as per Clause 4.3.6 in FSC-STD-20-001 V4-0) by 31 December 2017;
    - d. Stakeholder consultation by certification body has started by 31 December 2017, when required (as per Clause 6.1 in FSC-STD-20-011);

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e. The audit closing date is 31 March 2018 at the latest.

2. In cases when implementing Clause 1 of this advice note prevents compliance with the timelines for surveillance evaluations as per Clause 4.7.1 in FSC-STD-20-001 V4-0, this advice supersedes Clause 4.7.1. in FSC-STD-20-001 V4-0.
3. Certification bodies may extend the timelines for addressing major nonconformities resulting from the evaluation according to the standard FSC-STD-40-005 V3-1 until 30 June 2018 at the latest (compare Clause 4.3.16 in FSC-STD-20-001 V4-0).

NOTE: This also applies to evaluations that already took place.

Certification granted on the basis of version 2-1 of the standard FSC-STD-40-005 will be considered invalid by FSC after 30 June 2018 (six (6) months after the end of the transition period), without any further notification (as per Clause 12.5 in FSC-PRO-01-001).

NOTE: The above shortens the maximum timeframe of six (6) months for correcting major nonconformities as per Clause 4.3.16 in FSC-STD-20-001 V4-0).

## **ADVICE-20-011\_10 Replacement of onsite audits by desk (remote) audits**

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**Normative reference** FSC-STD-20-011 V4-1, Clause 2.6

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**Approval** 21 June 2020

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**Effective date** 22 June 2020

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**Background** FSC-STD-20-011 V4-1 Clause 2.6.e) specifies that certification bodies shall undertake physical inspection of all sites selected for evaluation, including inspection of all locations where operational activities under the scope of the certificate are carried out. It also specifies the circumstances in which desk (remote) audits can be undertaken. However, these circumstances do not include situations in which an on-site audit is not possible or viable due to the organization being located in a country or region with a demonstrated security risk for the life or health of auditors, or other events of *force majeure*.

This Advice Note has the objective of specifying the requirements in such situations.

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**ADVICE** In situations where physical inspection of sites selected for evaluation is not possible or viable due to:

1. Demonstrated health and/or safety risk to auditors (demonstrated through verifiable public sources, e.g. official travel warnings or restrictions), or
2. travel restrictions imposed by organizational (certificate holder/certification body) health and safety policies or public authorities, or
3. other demonstrated events of *force majeure*,

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the certification body may apply for derogation from PSU to replace an on-site audit by a desk audit. The application shall include:

- a. Certificate code of the company;
- b. Activities under the scope of the certificate (products and processes);
- c. Evidences of circumstances preventing the on-site audit (e.g. an official travel warning);
- d. Other additional information, as requested by FSC.

Derogation applications will be evaluated on a case by case basis.

NOTE: This Advice Note is not applicable in case of existing active derogations issued by FSC International for specific situations.

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## **ADVICE-20-011\_11    Precautionary approach towards conflicting legislation and differing interpretations of laws and regulations**

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**Normative reference**    FSC-STD-20-011 V4-1, Clause 6.20  
FSC-STD-40-004 V3-0, Clause 6.1  
FSC-STD-40-005 V3-1, Clause 4.3

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**Approval**            1 October 2020

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**Effective date**      1 November 2020

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**Background**        FSC certified chain of custody organizations are required to conform to all applicable timber legislation.

Clause 6.20 of FSC-STD-20-011 V4-0 addresses conflicts between legal requirements and adequate control measures, however it leaves the question open how to proceed for certification bodies in cases where there are conflicts between different laws and regulations or where different interpretations of one and the same law or regulation exist by public authorities.

This advice note addresses these cases and will be incorporated into the next revised version FSC-STD-20-011 accordingly.

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- ADVICE**
1. Certification bodies shall follow a precautionary approach in cases where there are:
    - a. conflicting, contradictory or otherwise inconsistent requirements for certificate holders within or between applicable international, national or local laws, regulations and administrative requirements;
    - b. differing interpretations of the above listed legal instruments by public authorities.
  2. A precautionary approach towards these cases implies that:
    - a. the more or most restrictive requirements shall be applied as constituting the relevant legal basis;
    - b. the more or most rigorous interpretation by public authorities shall be used to determine the practical implementation of relevant requirements.

3. Certification bodies shall have a procedure for using the precautionary approach by identifying relevant conflicts in consultation with the relevant FSC Network Partners.
4. In above cases where the most restrictive requirements or most rigorous interpretation cannot be determined, the certification body shall seek clarification through a formal interpretation by the FSC Performance and Standards Unit, following *PSU-PRO-10-201 Enquiry Procedure*.

## **ADVICE-20-011-12 Remove option for waiving surveillance audits**

<b>Normative reference</b>	FSC-STD-20-011 V4-1, Clause 3.3
<b>Approval</b>	14 December 2020
<b>Effective date</b>	16 December 2020 until withdrawn
<b>Background</b>	FSC-STD-20-011 V4-1 Clause 3.3 permits certification bodies to waive a surveillance evaluation for an operation or site that did not perform activities under the scope of the CoC certificate. However, integrity investigations by FSC and ASI have discovered that some organizations are taking undue advantage of this provision.  This Advice Note is intended to address this risk.
<b>ADVICE</b>	Certification bodies shall not waive the surveillance evaluation for an operation or site that did not perform activities under the scope of the CoC certificate (e.g., did not produce, label, or sell any FSC-certified material and did not source controlled material or sell any FSC Controlled Wood since the previous audit) in high risk supply chains as defined by FSC.  This Advice Note will be updated as necessary.

## **ADVICE-20-011-13 Restrictions for certification related to Wood Charcoal in Ukraine for traders, for multi-site and group certification and outsourcing activities.**

<b>Normative reference</b>	FSC-STD-20-001 V4-0, Clauses 1.4.1, 1.4.6 FSC-STD-20-011 V4-1, Clauses 7.3, 7.4, 9.2, 9.4 FSC-STD-40-004 V3-0, Clauses 12.1, 12.3, 15.2
<b>Scope</b>	Certification bodies operating in Ukraine.  Certificate holders operating in Ukraine with W2 Wood Charcoal in their certificate scope.
<b>Approval</b>	14 December 2020
<b>Effective date</b>	16 December 2020 until withdrawn
<b>Terms &amp; Definitions</b>	<b>Trader:</b> A person or legal entity that buys and sells wood and/or non-timber forest products and who takes legal possession of the goods.

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Traders do not conduct any transformation of these products, either directly or through outsourcing.

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**Background** Since 2016, four charcoal transaction verification loops and follow-up investigations indicated a significant integrity risk in wood charcoal supply chains in Ukraine. This resulted in suspension, termination, and blockage from the FSC system for more than 30 organizations that were either certificate holders or part of a Multi-site or Group COC certificate. The analysis of fraud scenarios in Ukrainian charcoal supply chains confirms that most of the risk is present at the level of traders and outsourcing of W2 Wood Charcoal related activities.

This Advice Note is intended to mitigate the risk of false claims related to *W2 Wood Charcoal* originating from Ukraine in global FSC supply chains.

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- ADVICE**
1. Unless applying additional due diligence as stipulated by Clause 2 of this Advice note, certification bodies in Ukraine accredited for CoC certification shall:
    - i. not grant FSC CoC certification to traders applying for certification of product type *W2 Wood Charcoal*;
    - ii. not grant scope extension to FSC-certified traders for product type *W2 Wood Charcoal*;
    - iii. classify all outsourcing activities related to processing, storage or labelling of product type Wood Charcoal in Ukraine as 'high risk' and conduct on-site audits at each sub-contractor's facility;
    - iv. approve the inclusion of a new member with product type *W2 Wood Charcoal* in the certificate scope of a Multi-site or Group COC certificate only after an on-site audit;
    - v. undertake annual surveillance audits of certificate holders in Ukraine with *W2 Wood Charcoal* included in the scope of certification as unannounced or short notice audits.
  2. The only exception to clause 1 (i-v) above is for certification bodies to apply additional due diligence and evaluation of risks associated with the given organizations prior to certifying applicants, granting scope extensions, or approving outsourcing to non-FSC COC-certified sub-contractors in Ukraine.

NOTE: For the development of additional due diligence requirements, certification bodies can use the draft guideline "Integrity risk assessment requirements for certification bodies for FSC application review" developed by FSC International (available on the FSC Ukraine website) and additional comments to the document developed by FSC Ukraine for the field test in Ukraine and China in 2020.

3. Certificate holders registered or operating in Ukraine and purchasing, producing or trading with *W2 Wood Charcoal* shall:
  - i. add a new member to a Multi-site or Group COC certificate only after an on-site audit of the applicant by the certification body;
  - ii. not undertake outsourcing activities related to processing, storage, labelling of product type *W2 Wood Charcoal* to a non-FSC COC-certified sub-contractor, unless their certification body implements Clause 2;

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- iii. outsource activities related to processing, storage, labelling of product type *W2 Wood Charcoal* to an FSC COC-certified contractor only after an on-site audit at a sub-contractor's facility is conducted by the certificate holder's CB.

This Advice Note will be updated as necessary.

## **ADVICE-20-011-14 Verification audits for material sold and produced V1-1 but not dispatched prior to suspension (Amended)**

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**Normative reference** FSC-STD-20-011 V4-2, Clause 3.7 c)  
FSC-STD-20-011 V4-2, Section E, 'Scope of a chain of custody certificate'

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**Scope** This advice note applies to all certification bodies accredited for FM/CoC or CoC certification in Russia.

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**Approval** FSC Director General, 18 March 2022  
Amended: 30 March 2022

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**Effective date** 18 March 2022  
Amended: 30 March 2022

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**Background** In general, products which have not yet left an organization's chain of custody system at the time the certificate is invalidated have lost their certified status.

This advice note has been issued to account for the extraordinary circumstances that requires the suspension of all FM/CoC and CoC certificates in Russia due to uncontrollable and forest sector wide risks as identified by the revised National Risk Assessment for Russia (FSC-NRA-RU V3-0) and as regulated via Advice Note FSC-ADV-20-001-12.

It provides for the option of certificate holders prior to their suspension to undergo an extraordinary audit by which the certified and controlled product stock for delivery and related sales invoices can be inventoried. This will allow CoC certified buyers outside Russia, upon issuance of relevant verification statements by the certification body, to use relevant material as certified or controlled input in case that the dispatch of relevant invoiced stock is not possible before the suspension date.

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**ADVICE** 1. Upon request of the organization, the certification body may conduct an audit to verify the existence of certified and controlled product stock at the time of suspension which has been sold (invoiced) with FSC claims prior to the organization's suspension and which will not undergo any further transformation by the organization prior to its intended delivery.

NOTE: The verification audit may be conducted after the suspension, based on a risk analysis whether the existing evidence is sufficient to verify the above beyond a reasonable doubt.



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2. If the certification body can verify that relevant invoiced material is held in stock for delivery and that the total amount of invoiced material does not exceed the total stock held for delivery, then the certification body may issue a confirmation statement to the receiving organization that the material has been duly produced prior to the time of suspension and can be considered / used as eligible input according to the invoice claim despite its dispatch only after the suspension date of the supplying organization's certificate.



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