



Forest Stewardship Council®



PSU Review Report




DRAFT FOR CONSULTATION

D1-0

FSC-STD-40-004
Chain of Custody Standard (V3-1)

&
FSC-STD-20-011
Chain of Custody Evaluations (V4-2)



Status:	Draft
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PSU Review Report

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

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

Summary and recommendation

Reviewed Document

Document code	FSC-STD-40-004 V3-1 and FSC-STD-20-011 V4-2
Document title	Chain of Custody Certification and Chain of Custody Evaluations
Objective of document	<p>The objective of the Chain of Custody Certification (FSC-STD-40-004) standard is to provide the minimum management and production requirements for CoC within an organization to demonstrate that forest-based materials and products purchased, labelled, and sold as FSC certified originate from well-managed forests, controlled sources, reclaimed materials, or a mixture of these, and any associated claims are legitimate and accurate.</p> <p>The objective of the Chain of Custody Evaluations (FSC-STD-20-011) standard is to provide the requirements to be followed by FSC accredited certification bodies (CBs) when auditing CoC organizations against applicable requirements of the FSC normative framework and integrating the findings to come to a reliable certification decision. This standard thereby aims to reduce the level of subjectivity and increase the consistency between sampling levels implemented by different CBs across different situations.</p>
Last approval date	14 January 2021 for both standards (targeted revision)
Review triggered by	<input checked="" type="checkbox"/> Regular review as scheduled
	<input type="checkbox"/> GA Motion or Board decision
	<input checked="" type="checkbox"/> New or changed FSC policies or legislation
	<input type="checkbox"/> Change Requests
	<input type="checkbox"/> Other (please specify):
Reviewer	Name: Vicky Tran
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Draft Review Report	21 January 2022
Public consultation	
Final Review Report	

Recommendation

<input checked="" type="checkbox"/>	Full revision
<input type="checkbox"/>	Targeted revision
<input type="checkbox"/>	Small changes ¹ revision
<input type="checkbox"/>	Editorial revision
<input type="checkbox"/>	No revision
<input type="checkbox"/>	Withdrawal

¹ According to FSC-PRO-01-001 V3-1 Annex 4

NOTE: If the need for revision is concluded in and supported by stakeholders, the report will be presented to the FSC Board of Directors for decision making. If approved by the FSC Board, the reviewed document will then undergo a revision process as described in procedure FSC-PRO-01-001 V3-1.

I. Introduction

This report has been developed according to FSC-PRO-01-001 V3-1 Clause 9.6 to review (assess) the continued relevance and effectiveness of a normative document. This is a mandatory step before a normative document can be taken to a revision process. In addition, it responds to the Board requirement for a feasibility and impact analysis for all review and revision processes, mandated at their 71st meeting.

II. Proposed recommendation and justification

This FSC Chain of Custody Standard (STD-FSC-40-004) is the core standard for FSC CoC certification that specifies the requirements which apply to all CoC-certified and applicant organizations with respect to sourcing, processing, labelling, and sale of forest-based products as FSC certified. FSC certification of management systems is designed to provide a credible assurance that products that are sold with an FSC claim originate from well-managed forests, controlled sources, reclaimed materials, or a mixture of these. FSC CoC certification thereby facilitates the transparent flow of goods made from such materials through the supply chain.

PSU recommends initiating a full revision process of the Chain of Custody certification and accreditation standards (FSC-STD-40-004 and FSC-STD-20-011) to update the standards to incorporate new and emerging sectors and products categories, blockchain requirements, circularity principles, results from the Procurement Claims pilot and Cross-Border Credit pilot, and others.

The last full revision of the standards were approved in November 2016. Since this late revision, the application of new FSC input and output product groups have diversified and grown from biopolymers to forest-based textiles which requires to revise the standards to ensure their continued suitability for meeting industry needs.

The recent targeted revision completed in 2021 focused on the incorporation of the FSC Core Labour Requirements which integrated several interpretations and advice notes.

The FSC Board of Directors (BoD) at the BM90 have tasked the FSC Secretariat to explore the feasibility and challenges/opportunities to incorporate the revision of the FSC-STD-40-003 and the FSC-STD-40-007 standards into the planned revision of the FSC-STD-40-004 Chain of Custody Standard and streamlining all three into a single document.

In addition, the revision will allow for administrative changes to improve both standard's performance and will further incorporate existing advice notes and interpretations.

PSU recommends conducting a revision of the standard FSC-STD-40-004 V3-1 and FSC-STD-20-011 V4-2 based on the following reasons, ensuring the documents are aligned with changes that have been made in other parts of the normative framework:

FSC-STD-40-004 V3-1 – Chain of Custody Certification

Changes to existing content (based on stakeholder feedback)

Link to FSC
Global
Strategy

Goal 1.1
Engage members and stakeholders to drive change as a community for co-creation of solutions

Goal 1.3
Enhance verification and integrity

Goal 2.2
Accelerate the market uptake of FSC-certified products and ecosystem services

Goal 2.2
Accelerate the market uptake of FSC certified products and ecosystem services

1. Simplifying annual volume reporting

Current evaluations for CoC certification rely on paper-based evidence of conformity to be reviewed by auditors via sampling documents while at the audit. As part of the revision, FSC will explore to make the reporting requirements more user-friendly for organizations and allow flexibility for organizations to report quantities/units rather than producing volume summaries if certain conditions are met. Alternatively, FSC will look at defining the circumstances where volume summaries are required.

2. Claiming 100% reclaimed products as FSC Mix

Linked to Clause 5.9 (see below), the Advice Note ADVICE-40-004-17 specifies that products that are 100% made of reclaimed materials shall only be claimed as FSC Recycled and cannot be claimed as FSC Mix. Now, this requirement is delayed due to significant negative implications for some certificate holders. Based on this feedback, FSC decided to re-evaluate the impacts and relevance of this requirement, and consequently to delay its implementation until a final decision has been taken. This requirement will need to be evaluated and the final decision about its implementation will need to be considered as part of the revision.

5.9 The organization may opt to downgrade an FSC output claim as presented in Figure A. The FSC label shall correspond to the FSC claim made on sales documents, except in the case of retailers selling finished and labelled products to end-consumers.

NOTE: Products that are 100% made of reclaimed materials can only be claimed as FSC Recycled

3. Adding additional output claims under the transfer system

i. FSC CW and Recycled inputs

Organizations under the transfer system using a combination of FSC CW, FSC Recycled Credit or FSC Recycled % inputs cannot make claims. This has an impact on operations within the pulp and paper industry. In the previous version of the Chain of Custody Standard, this combination of inputs was possible and could be sold with an FSC Controlled Wood claim.

If FSC were to re-open this option to allow relevant claims, this would facilitate the use of FSC Recycled inputs and align with circularity principles. Please refer to FSC-STD-40-004 V3-1, Table D on page 19.

ii. Valid output claims for pre-consumer reclaimed wood

Currently, there are no valid output claims for pre-consumer reclaimed wood since it is not considered an eligible input under the transfer system. In cases where CoC certified manufacturers exclusively source pre-consumer reclaimed wood, they are unable to provide an FSC claim within the current FSC CoC requirements. FSC-STD-40-004 V3-1 Box 5 specifies “*there are no valid output claims for pre-consumer reclaimed wood since it is not considered an eligible input in the transfer system*”.

FSC-certified suppliers to organizations sourcing manufactured reclaimed wood inputs, products, or product components, are therefore unable to provide pre-consumer material with an FSC claim. The objective of adding the option for a corresponding FSC claim is to allow pre-consumer reclaimed wood material to be traded under the FSC chain of custody certification. The new output claim would only be made through the transfer system and would be limited to transactions between certified companies (i.e., B2B), similar to an Controlled Wood claim.

Goal 2.4
Scale up benefits for Indigenous Peoples, communities, smallholders, and workers

4. Improving clarity for requirements on outsourcing activities and contractors

The FSC Core Labour Requirements apply to all areas included in the scope of the organization’s CoC certificate, however for some stakeholders this is not clear if it applies to outsourcing activities and contractors. Changes to these requirements will make it clearer that the Core Labour Requirements are also applicable to this section of the standard.

Goal 2.4

5. Expanding the universal requirements

Scale up benefits for Indigenous Peoples, communities, smallholders, and workers

Evaluate whether the CoC standards need to be further strengthened beyond the currently included FSC Core Labour Requirements, for example on new topics such as addressing living wage guidelines, strengthening dispute handling, the right of access to workers (Motion 50) and exploring and expanding occupational health and safety requirements such as the right of workers to elect their own Occupational Health and safety representative(s) (Motion 51).

Goal 2.4
Scale up benefits for Indigenous Peoples, communities, smallholders, and workers

6. Evaluating disassociated organizations operating as outsourcing contractors

Clause 13.4 e) specifies that contractors shall notify certificate holders within 10 business days if they have been included in the list of organizations that are disassociated from FSC.

When this requirement was initially introduced in FSC-STD-40-004 V3-0, FSC received negative feedback on this requirement, mainly related to the impact on existing outsourcing agreements. In response, ADVICE-40-004-16 was implemented to delay the requirement. This requirement will need to be evaluated and a final decision about its implementation will need to be considered as part of the revision.

Goal 1.3
Enhance verification and integrity

7. Expanding further guidance around FSC composite products, products with several or different components and neutral materials

Goal 2.2
Accelerate the market uptake of FSC certified products and ecosystem services.

With the growth and expansion of composite products (i.e., textiles, tyres, cosmetics), the issue of multiple forest-based materials and inputs/ingredients that cannot be distinguished by the consumer is becoming more prevalent. Annex C will be edited to add more guidance and examples for these ‘new’ and expanding product types.

For example:

- textile with wooden buttons vs pulp-based viscose
- NTFP-like products made from latex, rubber
- products with FSC-certified components that are not visible

Goal 1.3
Enhance
verification
and integrity

8. Developing mechanisms to address integrity issues and risks associated with high-risk supply chains

Instead of having stand-alone advice notes to address specific integrity issues, the revisions will explore embedding instruments and solutions to integrity risks into the standard, such as built-in mechanisms to address issues such as ineligible products (e.g., Paulownia), high-risk supply chains (e.g., charcoal) or a moratorium on purchases/sales of certain product types.

Review risks that could be associated with assembled packaging. This is packaging that is assembled or put together by non-certified organizations (i.e., assembly operations, fillers, and packers) where different components are sourced from different CoC-certified (or non-certified) suppliers/manufacturers. For example, smartphone packaging is comprised of a cardboard sleeve, top cover, pulp molded tray, accessories box, and bottom cover.

Goal 1.3
Enhance
verification
and integrity

9. Exploring how neutral materials should be accounted for within FSC products

Goal 2.2
Accelerate the
market uptake
of FSC
certified
products and
ecosystem
services.

FSC labelled products that are comprised of neutral materials and 100% FSC-certified ingredients that cannot be distinguished shall only be labelled as FSC MIX (ADVICE-40-004-15). For example, a garment made from 95% cotton and 5% FSC-certified viscose with an FSC 100% claim can only carry a FSC MIX claim or label.

This requirement was implemented to address the problem of misleading claims on FSC products that contain neutral materials that cannot be distinguished from FSC certified input materials.

FSC received stakeholder feedback about anticipated negative impacts of the requirement regarding the specification of the certified ingredient(s) on the FSC label (e.g., T-shirts with 1% of FSC certified viscose carrying the FSC label). To further evaluate these impacts and potential solutions, the revision process must evaluate this requirement and provide a final decision about its implementation.

Implementing an arbitrary threshold of FSC content will not resolve the issue or the perception of 'greenwashing' as thresholds would largely impact an unknown number of FSC products already within the market. FSC proposes exploring the possibility for organizations to specify the FSC content/percentage within the product either on the invoice along with the FSC claim or as additional text with the FSC label adding to transparency.

Changes based on topics under exploration

Goal 3.2
Increase
FSC's
relevance for
governments

10. Updating the timber legality requirements due to changes in timber legality legislation

The European Commission adopted the "[Proposal for a Regulation to curb EU-driven deforestation and forest degradation](#)". The proposal¹ has new legal solutions regarding the regulation of the timber trade in the EU which would involve the future merger of the EUTR with the new regulation on deforestation rendering the EUTR obsolete over the coming years. The draft regulation requires companies in the EU to implement due diligence procedures and to collect geographic coordinates showing where materials they purchased were produced and monitor these locations for forest loss via satellite images such as geo-locating the land of the timber sourced.

In 2021, Motion 61 was passed at the virtual FSC General Assembly. Within a year after this motion passes, Forest Management Certificate Holders (CHs) shall be required to provide FSC International with digital shapefiles of their certified lands, so that FSC International may maintain an internal map of all FSC-certified forests. This motion will support the implementation of the EU regulatory requirements for CoC certificate holders.

With the United Kingdom leaving the EU in 2021, their timber legality requirements now differ from the EUTR. The requirements will need to consider the differences between the EUTR and the UK Timber Regulations (UKTR) to support organizations to meet the timber legality requirements in both jurisdictions and globally.

Goal 1.1
Engage
members and
stakeholders
to drive
change as a
community for
co-creation of
solutions

11. Aligning with FSC IT initiatives: database, online reporting and blockchain technology

FSC is on the journey to use cutting-edge technology to obtain objective quality information in support of verification and integrity. The requirements will need to be updated to make them technologically compatible such as compulsory datapoints, formats etc. FSC is testing blockchain technology intending to achieve 100 per cent real-time verification of products that move through supply chains. Integrating new technologies such as blockchain and online reporting requirements to make reporting easier for certificate holders will strengthen assurance and integrity of the FSC system by verification transactions reported by each organization.

Goal 1.3
Enhance
verification
and integrity

12. Improving the treatment of species information within the CoC system

FSC had published the Advice Note on Species information in FSC Product Groups (ADVICE-40-004_19) which required certificate holders (CHs) to maintain up-to-date information on species used in their certified products and to make this information available to certification bodies (CBs), and FSC/ASI upon request and at the time of audits.

This policy action generated a significant number of concerns from stakeholders indicating, among others, the challenges in the implementation of the advice note, as well as possible inconsistencies in the treatment of species information within the FSC system. Consequently, in December 2020, the Advice Note was withdrawn from the FSC Directive on Chain of Custody Certification (FSC-DIR-40-004) and a task force was established.

¹ https://ec.europa.eu/environment/publications/proposal-regulation-deforestation-free-products_en

The task force provided a number of short- and longer-term recommendations to FSC and recommended the following to be considered as part of the revision:

- a clearer purpose and value of species information
- stronger requirements for recording and storing of species information
- improving the verification system for species information

Goal 2.2
Accelerate the market uptake of FSC-certified products and ecosystem services

13. Facilitating the sale of FSC products with FSC claims for online marketplaces / e-commerce sites

The standard needs to be adapted to take into consideration sales via online marketplaces in response to the trend of sustainable shopping. For example, additional clarity about ‘warehouses’ that either belong or are subcontracted via the e-commerce site (i.e., the organization’s products are stored on-site at the e-commerce’s warehouse or stored at a warehouse owned by another company subcontracted by the e-commerce warehouse) and how passing on FSC claims can be verifiable and traceable where the platform does not facilitate it.

The interpretation INT-STD-40-004_52 will need to be integrated into the new version of the standard which covers situations where organizations are selling FSC certified and labelled products via online marketplaces/e-commerce sites and do not have access to their customer contact information.

Goal 2.2
Accelerate the market uptake of FSC certified products and ecosystem services

14. Incorporating outcomes of procurement claims pilot

FSC has initiated a 2-year pilot to test the feasibility of procurement claims within the FSC system, including how they can be operationalized and verified. Organizations can make procurements claims for purchases of FSC raw materials, semi-finished products, and unlabeled finished products (which will be used for internal consumption and not further sold with a FSC claim) for chosen product categories.

The data collected from this pilot project will contribute to the revision process of the FSC-STD-40-004 Chain of Custody Certification and FSC-STD-20-011 Chain of Custody Evaluations standards and potentially add new product categories (i.e., energy, smoke etc.).

Goal 2.2
Accelerate the market uptake of FSC certified products and ecosystem services.

15. Incorporating outcomes from the cross-border pilot project

FSC completed a two-year pilot project to allow for cross-site and cross border credit sharing with the transfer of physical material at the multi-site certificate level for certificate holders in North America (Canada and the US) and between non-Eurozone and Eurozone countries of the European Economic Area (EEA).

Results from the evaluation of the pilot will contribute to the revision process, taking into consideration the benefits and implications of the application of the percentage or credit system at such a cross-border multi-site level.

New solutions and innovations

Goal 2.1
Advance FSC
in value
chains that
have the
highest
potential for
contributing
towards our
2050 vision

16. Incorporating circularity concepts within CoC

There is a strong shift to a circular economy amongst governments and businesses. The EU's circular economy action plan adopted in 2020 proposes a plan to ensure resources are kept in the economy for as long as possible, moving away from a linear approach to circular.

FSC can play an active role in this transition and enable its certificate holders and other stakeholders to be part of the circular economy with the FSC Recycled label, integration of alternative inputs, and regeneration of natural ecosystems. Through this action, FSC can embody its role of forest stewardship and help reduce the pressure on forests and virgin materials by implementing normative options that allow certificate holders to reuse residues/waste materials as much as possible.

This is a fast-moving agenda amongst industry and policymakers, FSC will risk missing opportunities if this is not incorporated within the overall normative framework. This is an opportunity for FSC to remove obstacles and facilitate favorable conditions to allow organizations to purchase, trade and sell FSC materials and products to participate within the circular economy. The revision can allow for the exploration for:

- maximizing the use of FSC recycle, pre-consumer and post-consumer, and re-use of inputs and materials
- allowing more flexibility to prevent FSC residuals, co-products etc. from becoming waste materials
- allowing the use of co-products² and wood products both from primary and secondary processes to be traded (e.g., facilitating waste from one company becomes the raw material for another organization)
- integrating alternative value chain inputs prioritized by impact (e.g., agricultural waste for fiber supply) to help reduce the need for sourcing of virgin forest materials.

The revision of the 'Sourcing reclaimed material for use in FSC Product Groups or FSC Certified Projects' (FSC-STD-40-007 V2-0) standard will be combined into a single revision process, this will open the standards to include circularity principles and streamline the FSC Chain of Custody normative framework.

Alignment and merger with other standards

Goal 1.2
Streamline
policies and
standards
towards
outcome
orientation.

17. Merging Multiple Sites (plus related normative documents) and Reclaimed materials standards

Linked to FSC Global Strategy 1.2 to streamline policies and standards towards outcome orientation, the FSC Board of Directors (BoD) at BM90 have tasked the FSC Secretariat to explore the feasibility and challenges/opportunities to incorporate the revision of the FSC-STD-40-003, 'Chain of Custody Certification of Multiple Sites. Standard', National Chain of Custody group eligibility criteria (FSC-PRO-40-003) and the FSC-STD-40-007, 'Sourcing reclaimed material for use in FSC Product Groups or FSC Certified Projects Standard' into the planned revision of the FSC-STD-40-004 Chain of Custody Standard and streamlining all three into a single document. This will have the added benefit of streamlining the Normative Framework by reducing the number of standards and organizations that have multiple sites/group certification can refer to one document rather than two.

Goal 1.3
Enhance
verification
and integrity

² Co-product: Output produced during the process of primary manufacturing of another (principal) product from the same inputs (e.g., sawdust, chips generated during lumber processing).

Goal 1.3
Enhance
verification
and integrity

18. Incorporating outcomes from the revision of FSC-STD-30-010 ‘FSC Controlled Wood Standard for Forest Management Enterprises’

The strategy for FSC Mix products published in 2019 states that one of the actions in the document is to align the CW-FM requirements with the FM requirements as laid down in the FSC International Generic Indicators and to facilitate an increased uptake of the CW-FM standard. The FSC-STD-30-010 revision Working group has deliberated on including certain features in the revised controlled wood standard to make it more attractive for certificate holders to opt for FSC-STD-30-010. These changes should be considered during the revision of FSC-STD-40-004 and FSC-STD-40-005.

Administrative changes

Goal 1.2
Streamline
policies and
standards
towards
outcome
orientation.

19. Moving away from a 'traditional' normative document

The revisions will see the standard be updated to a more user-friendly document with more sub-headings, diagrams, case study examples, explanatory boxes, etc. and exploring the use of a modular approach to the CoC requirements.

Goal 1.2
Streamline
policies and
standards
towards
outcome
orientation.

20. Incorporating existing advice notes and interpretations

The revision will incorporate existing advice notes and interpretations, reducing the number of reference points for stakeholders:

Advice Notes		Interpretations	
	1. ADVICE-40-004-02		1. INT-STD-40-004_52
	2. ADVICE-40-004-07		
	3. ADVICE-40-004-15		
	4. ADVICE-40-004-16		
	5. ADVICE-40-004-17		
	6. ADVICE-20-011_11		
	7. ADVICE-20-011_12		

FSC-STD-20-011 V4-2 – Chain of Custody Evaluations

Changes to existing content (based on stakeholder feedback)

Link to FSC
Global
Strategy

Goal 1.3
Enhance
verification
and integrity

1. Evaluating of group and multisite chain of custody certificates group sampling requirements

The revision will address common challenges in evaluating organizations against ‘group and multisite’ requirements.

Under group certification, some groups have grown very large due to approved national group eligibility criteria and the sampling requirements may be too small. As a result, for larger groups, there are members who do not have independent external audits for many years, which poses an integrity risk. Group certification is an appropriate and positive mechanism to support small companies to access FSC certification, but the sampling requirements for audits may need to be reviewed.

Changes based on topics under exploration

Goal 1.3
Enhance
verification
and integrity

2. Incorporating outcomes from the 'Task Force on Species Information' and how species information should be evaluated

Recommendations to be considered as part of the revision by the 'Task Force on Species Information' such as:

- improving the verification system for species information
- defining which species information needs to be audited and verified

New solutions and innovations

Goal 1.1
Engage
members and
stakeholders
to drive
change as a
community for
co-creation of
solutions

3. Incorporating remote and hybrid surveillance evaluations

Consider implementing opportunities for evaluations to be conducted remotely or using a hybrid module. Due to the COVID-19 pandemic, vast areas of the world were subject to travel restrictions and many certification bodies have not been able to undertake physical onsite audits for main evaluations. The implementation of the derogation of FSC-DER-2020-005 *Undertaking CoC main evaluation audits remotely* allowed for certification bodies to conduct remote evaluations based on risks scenarios for Chain of Custody and Project certificates. The derogation also permitted group /multi-site managers to integrate new members to their groups / multi-sites via remote audits.

Goal 1.3
Enhance
verification
and integrity

Alignment and merger with other standards

Goal 1.3
Enhance
verification
and integrity

4. Updating Controlled Wood evaluations in response to changes in FSC-STD-30-010

The FSC-STD-30-010 revision Working group has deliberated on including certain features in the revised controlled wood standard to make it more attractive for certificate holders to opt for FSC-STD-30-010. These changes should be considered during the revision of FSC-STD-40-004 and FSC-STD-40-005.

5. Incorporation of the procedure for the 'Evaluation of the organization's commitment to FSC Values and occupational health and safety in the Chain of Custody' (FSC-PRO-20-001)

This procedure is used by Certification Bodies for assessing certificate holder's commitment to FSC values (including ILO Core Conventions) and occupational health and safety. The introduction of the procedure specifies that FSC will further develop detailed auditable requirements based on the experience gained and feedback received from stakeholders. This process will need to be considered a part of revision process or have its own separate process.

Administrative changes

Goal 1.3
Enhance
verification
and integrity

6. Restructuring and reviewing the content of evaluation reports

The revision presents the opportunity to improve the structure and content of evaluation reports with the idea of digitizing the format in the future.

III. Impact analysis

The table below outlines the estimated impacts of the proposed changes. The estimated impacts are presented by stakeholder category and can be positive (+), negative (-), or both (+/-).

Main user categories	Impact	Impact
FSC International	++	<p>The proposed changes to the requirements will result in more user-friendly standards and potentially lead to a positive impact on the increase of FSC certificates, products, and services, allowing for new certificate holders to enter the system. It would also unleash the potential of CoC certification by increasing the value and benefits for all stakeholders in the FSC system.</p> <p>The opportunity to strengthen the Normative Framework to provide it with mechanisms to address integrity challenges – both proactively as well as reactively will have a positive impact on the scheme. However, the changes must consider striking the balance between market/industry needs and system rigor.</p> <p>The alignment with other normative documents, the inclusion of existing interpretations and Advice Notes, together with the changes to make the scope more up-to-date and easier to understand are envisioned to make the standard fit for its purpose.</p> <p>Additional resources would be required to provide guidance and facilitate the implementation of the revised standard to stakeholders (i.e., webinar, FAQ, guidance materials, e-training etc.).</p> <p>The proposed changes will position FSC (compared to other schemes) closer to intergovernmental mechanisms like the EUTR, EU Green Deal, EU's first circular action plan etc. making FSC certification attractive and set FSC as the engaging forefront of these mechanisms.</p>
FSC independent network partners and regional offices	+	<p>FSC independent network partners have been involved in the ideas and concepts that need to be considered in the revision of FSC-STD-40-004. The proposed changes are foreseen to have a positive impact on the independent network partners and regional offices.</p> <p>Additional resources would be from FSC International to provide guidance and support to network partners and the regional offices for the implementation of the revised standard.</p>
Certification bodies	++	<p>Certification bodies have been involved with the topics for review for both FSC-STD-40-004 and FSC-STD-20-011. Any major changes to the standards will have a significant impact on certification bodies as they will have to implement changes in their systems, processes, and provide training to their auditors.</p>

		<p>Implementing remote and hybrid audits will encourage more companies to become certified and more clients for certification bodies, due to lower costs and audit time optimization for organizations. However, investing in ICT infrastructure will require initial investment.</p> <p>The proposed changes aim to reduce unnecessary administrative burdens and create consistency of evaluations by certification bodies aiming to create a 'level playing field'.</p> <p>Additional resources would be from FSC International to provide guidance and support to certification bodies for the implementation of the revised standard.</p>
Certificate holders and Economic chamber	++	<p>Any major changes to the standards will have a significant impact on certificate holders as they will have to implement changes in their systems, processes, and provide training to their staff. The proposed changes should aim to reduce unnecessary administrative burdens on certificate holders and make FSC CoC certification attractive to prospective certificate holders. The inclusion of existing interpretations and advice notes will increase the size of both documents, but it will make them more accessible. The redesign of the structure and look of the CoC standard will also make it more user friendly for current and prospective certificate holders.</p> <p>With the implementation of social requirements within the CoC standard, certificate holders may not have the appetite for major changes that adds complexity to maintaining their existing certification.</p>
Environment chamber	+	<p>The proposed changes aim to be environmentally appropriate. The revision of the reclaimed materials standard and the inclusion of circular economy principles would contribute to more efficient use of resources such as waste materials and take pressure off forests by reducing the demand for virgin materials.</p>
Social chamber	+	<p>The potential expansion of the universal requirements is aligned with FSC's global strategy (3. <i>Catalyze change</i>) and will have a positive impact on workers.</p>
Assurance Services International (ASI)	++	<p>Any major changes to the standards will require ASI to update their procedures and process to evaluate certification bodies and train their evaluators. Overall, similar effects as for certification bodies can be expected for the work of ASI.</p>

IV. Stakeholder consultation and feedback

Methodology

An international stakeholder consultation will be initiated, and stakeholders will be invited to provide comments and feedback on the draft review report via the FSC

Consultation Platform. To ensure that all relevant stakeholders participate in the consultation the following communication channels will be applied:

- Email announcement on the CB Forum and Accreditation mailing lists
- Email announcement on the network mailing list and/or a news item on Branching Out
- News item on the FSC website
- News item on the FSC members' portal

To facilitate the consultation, the following type of questions will be included to guide participants:

- Guided questions
- General questions about the review report (e.g., Do you agree with the proposed changes to in Section X, Clause X? Please elaborate your response).
- Ranking questions (e.g., What is your overall impression of the proposed changes? Very positive to Quite negative)

The period to submit comments on the draft review report will be thirty (30) days from its publication.

Results of consultation

(To be completed after the public consultation, incl.

- Number of responses per stakeholder group and region
- Synopsis of comments)

V. Revision process

In case of a full revision of the standards according to FSC-PRO-01-001 V3-1 is approved, it is recommended that a Technical Working Group will be established based on a public call for applications. The Terms of Reference, conditions for membership, and number of members would then be defined and approved by the Policy Steering Group.

VI. Annex A

Specific aspects to be considered for the revision of FSC-STD-40-004 (V3-1):

Items to be revised	Justification/concern
A Objective	
B Scope	Update the 'Scope' to include: <ul style="list-style-type: none"> worker's rights in reference to the FSC Core Labour Requirements non-timber forests products (NTFPs), to remove ambiguity regarding which components should be certified (Box 2).
C Effective and validity dates	
D References	

PART I: Universal Requirements

1 CoC management system	<p>Clause 1.1, update to:</p> <ul style="list-style-type: none"> align with Sourcing controlled wood standard (FSC-STD-40-005) and Forest management standards meet global timber legality and reporting requirements <p>Clause 1.7, include a requirement for documented procedures for handling complaints related to the organization's certificate.</p>
2 Material sourcing	<p>Remove 2.2 NOTE:</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p><i>NOTE: Other FSC platforms synchronized with the FSC certificate database (i.e., the trademark portal) may support the organization's conformity to this requirement by sending automatic notifications to the organization in the case of a change in the certificate scope of its suppliers.</i></p> </div> <p>Clause 2.4: update to include 'pre-consumer reclaimed wood' as an eligible input.</p> <p>Incorporate applicable elements of Advice Note 'After the certificate issuance, when the company products will be eligible to carry the FSC logo?' (ADVICE-40-004-02), for example:</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>2.X Equivalent considerations apply when a certificate is withdrawn or expires. In cases where products which left the chain of custody whilst the certificate was valid were certified, and remain certified even after the certificate has been withdrawn. Products which have not yet left the chain of custody at the time the certificate is withdrawn will not be classified as certified.</p> </div>
3 Material handling	
4 FSC material and products records	<p>Clause 4.2, update the required database points to bring the requirements in alignment and compatibility with FSC IT initiatives and recommendations from the 'Taskforce on species information'.</p> <p>Clause 4.4, add flexibility on annual reporting requirements to take into consideration units, pieces etc. rather than only volumes.</p>
5 Sales	<p>Clause 5.1 Table C, update this section to include 'pre-consumer reclaimed wood claim' information under the Transfer systems. Add a clause to section 5, similar to the current clause 5.6, to limit the sale of material with a 'FSC pre-consumer reclaimed wood' claim between certified companies only for 'FSC pre-consumer reclaimed wood'.</p>

Clause 5.9 NOTE, incorporate Advice Note 'Claiming 100% reclaimed products as FSC Mix' (ADVICE-40-004-17), this is dependant on the re-evaluation of the requirement, for example:

5.9 The organization may opt to downgrade an FSC output claim as presented in Figure A. The FSC label shall correspond to the FSC claim made on sales documents, except in the case of retailers selling finished and labelled products to end-consumers.

NOTE: Products that are 100% made of reclaimed materials can **only** be claimed as FSC Recycled **or FSC Mix**.

Incorporate applicable elements of Advice Note 'After the certificate issuance, when the company products will be eligible to carry the FSC logo?' (ADVICE-40-004-02), for example:

5.X Organizations shall ~~Clearly a company cannot~~ not issue an invoice describing products as certified prior to the issue of chain of custody certificate. Products sold without such an invoice cannot be described as certified and are not eligible ~~to carry the FSC Logo for FSC labelling~~.

Incorporation of interpretation INT-STD-40-004_52, for example:

Sales via online marketplaces and ecommerce sites

5.X Organizations selling FSC certified and labelled products via online marketplaces/ecommerce sites and not having access to their customer contact information can use a combination of existing sales/delivery documents and internal sales records to record and pass on information regarding FSC claims. In the absence of sales/delivery documents, the internal sales records shall meet the requirements of Clauses 5.1 and 5.7.

5.X The internal sales record shall be maintained up to date and presented to certification body auditors in addition to existing sales/delivery documentation. Upon request, the sales record shall be made available to the customer.

NOTE 1: For Clause 5.1 b) information identifying the online marketplace/e-commerce site can be used instead of information to identify the consumer.

NOTE 2: When the date of sale to the end customer is not available or confirmed, the date of product placement on the e-commerce site/online marketplace can be used instead.

NOTE 3: In the absence of sales/delivery documents, the customers cannot further pass on the FSC claims.

Incorporate Advice Note 'Sale of FSC certified products through non-FSC certified auction entities' (ADVICE-40-004-07), for example:

5.X Organizations as a winning bidder to consider material purchased through a non-FSC certified auction entity as FSC certified, a supplementary letter or transport document must be provided by the certified supplier to the organization including all information as required by Clause 5.1.

6 Compliance with timber legality legislation

Strengthen timber legality section, align with the UKTR requirements and the EU regulation on deforestation and forest degradation, for example:

- species by the scientific name according to genus and species
- geo-localization coordinates (latitude and longitude)

	<ul style="list-style-type: none"> Consider situations when a product is found to be illegal, to ensure that it does not continue to be sold and purchases and continue within the market
7 FSC Core Labour Requirements	

PART II: Control of FSC Claims

8 Establishment of product groups for the control of FSC claims	
9 Transfer system	Update section to facilitate the use of 'Pre-consumer reclaimed wood' under the transfer system throughout the standard where applicable.
10 Percentage system	<p>Clause 10.4, update to facilitate cross-site and cross border credit sharing for sites within the European Economic Area or share a common border and other similar economic traits (i.e. similar environmental and workers' rights legislation or monetary arrangements).</p> <p>Clause 10.9, update to allow flexibility for annual summary reports such as removing the volume requirement and allow certificate holders to provide summary reports in the measurement unit commonly used by the organization.</p>
11 Credit system	<p>Clause 11.3, update to facilitate cross-site and cross border credit sharing for sites located within the European Economic Area and for countries that share a common border including other similar economic traits (i.e. similar environmental and workers' rights legislation or monetary arrangements).</p> <p>Clause 11.5, revise to include reference to pre-consumer reclaimed wood material, similar to controlled wood.</p>

PART III: Supplementary Requirements

12 FSC labelling requirements	<p>Incorporate applicable elements of Advice Note 'After the certificate issuance, when the company products will be eligible to carry the FSC logo?' (ADVICE-40-004-02), for example:</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>12.X 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 for FSC labelling.</p> </div> <p>Incorporate Advice Note 'Neutral materials that cannot be distinguished from FSC certified ingredients' (ADVICE-40-004-15) and additional percentage information for added transparency. The incorporation is dependant on the re-evaluation of the impacts on stakeholders, for example:</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>12.X Products that contain neutral materials that cannot be distinguished from FSC certified input materials may carry the FSC Mix label and shall include the FSC content percentage within the product either on invoice along with the FSC claim or as additional text with the FSC label.</p> </div>
13 Outsourcing	<p>Update section 13 to be clear the Core Labour Requirements apply to outsourcing requirements, add clarity on requirements and add additional clarity to the requirements regarding e-commerce situations.</p> <p>Clause 13.4 e), update to incorporate the Advice Note 'Disassociated organizations operating as outsourcing contractors' (ADVICE-40-004-16), this is dependant on the re-evaluation of the requirement, for example:</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>13.4 The organization shall establish an outsourcing agreement with each non-FSC-certified contractor, specifying at a minimum that the contractor shall:</p> </div>

- a) conform to all applicable certification requirements and the organization's procedures related to the outsourced activity;
- ~~X) conform to the FSC Core Labour Requirements~~
- b) not make unauthorized use of the FSC trademarks (e.g. on the contractor's products or website);
- c) not further outsource any processing (i.e., subcontracting the activity to another organization);
- d) accept the right of the organization's certification body to audit the contractor;
- ~~e) notify the organization within the period of 10 business days if the contractor is included in the list of organizations that are disassociated from FSC, in accordance with the FSC-POL-01-004, and therefore subsequently ineligible to provide outsourcing services to FSC-certified organizations.~~

Merge Clauses 13.9 and 13.10 according INT-STD-40-004_54, applies to outsourcing activities where the organization provides FSC-certified outsourcing services to non-FSC-certified contracting organizations, or when the FSC-certified contracting organization buys the raw material for the outsourced processes.

PART IV: Eligibility Criteria for Single, Multisite, and Group CoC Certification

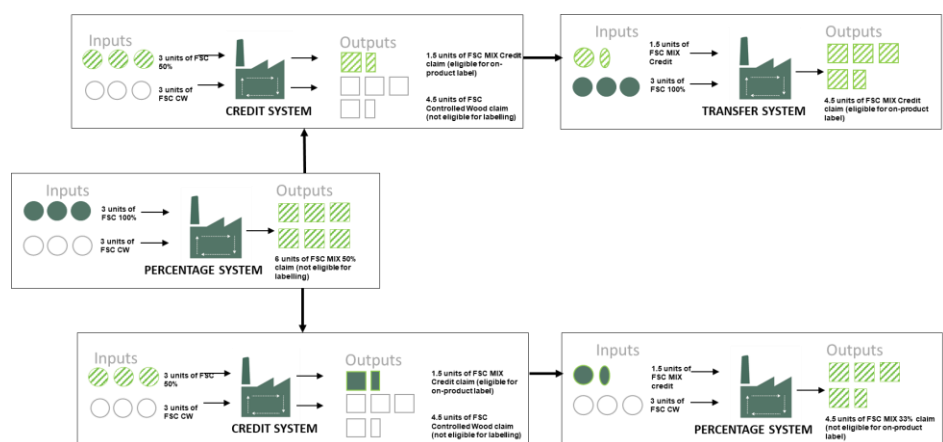
14 Eligibility for single CoC certification	This section will be rearranged within the standard due to the incorporation Chain of Custody Certification of Multiple Sites Standard (FSC-STD-40-003)
15 Eligibility for multi-site CoC certification	This section will be rearranged within the standard due to the incorporation of Chain of Custody Certification of Multiple Sites Standard (FSC-STD-40-003)
16 Eligibility for group CoC certification	This section will be rearranged within the standard due to the incorporation of Chain of Custody Certification of Multiple Sites Standard (FSC-STD-40-003).

Annex A. Examples of product groups (informative)

Annex B. Examples of the application of the FSC control systems (informative)

Additional examples of the application of FSC control systems, for example:

All control systems
Example F: Control systems in a supply chain



Annex C. Examples of which components of a product need to be certified (normative)

Annex D. FSC Core Labour Requirements self-assessment (normative)

Annex E. Terms and definitions

Update terms and definitions according to the proposed updates and stakeholder feedback, for example:

Auction: A process of buying and selling goods or services by offering them up for bid, taking bids, and then selling to the winning (generally highest) bidder. The auction house, auctioneer, log market, etc., managing the auction does not gain legal ownership of the goods/services for sale but does collect the funds due and issues the sales invoice to the winning bidder.

FSC claim: A claim made on sales and delivery documents for FSC-certified, FSC pre-consumer reclaimed wood, or FSC Controlled Wood output products. The FSC claims are: FSC 100%, FSC Mix x%, FSC Recycled x%, FSC Mix Credit, FSC Recycled Credit, FSC pre-consumer reclaimed wood, and FSC Controlled Wood.

Eurozone: Geographic and economic region that consists of all European Union member states which have adopted the euro (€) as their national currency.

European Economic Area (EEA): consists of the Member States of the European Union (EU) and three countries of the European Free Trade Association (EFTA) (Iceland, Liechtenstein, and Norway; excluding Switzerland).

Product characteristic(s): a distinguishing or distinctive feature of a material or product, this can be qualitative (i.e., increase of the product grade) or quantitative (i.e., increase of the product price).

Supplier (billing): FSC certified CoC organization selling material with FSC claims to the contracting organization.

Supplier (delivering): FSC certified CoC organization delivering the material to the contractor and selling the material with FSC claims to the billing supplier or to the contracting organization.

VII. Annex B

Specific aspects to be considered for the revision of FSC-STD-20-011 (V4-2):

Items to be revised	Justification/concern
Foreword	
Version History	
A Objective	
B Scope	
C Effective and validity dates	
D References	
E Terms and definitions	<p>Update terms and definitions according to the proposed updates and stakeholder feedback, for example:</p> <div style="border: 1px solid black; padding: 5px;"> <p>Remote audit: includes desktop reviews, data collection, and remote interviews which are sufficient to assess compliance with all the requirements.</p> <p>Hybrid audit: a combination of a remote portion of audit requirements, and a portion of requirements assessed through an on-site visit.</p> </div>

PART I: General Requirements

1 General principles	
2 Evaluation requirements	<p>Clause 2.6, update evaluation requirements to facilitate remote and hybrid audits and allow for risks assessment to determine the options to conduct fully remote audits (low-risk), hybrid remote audits (medium-risk), or mandatory on-site audits is required (high risk). See proposed risk assessment Table X, below.</p>
3 Surveillance evaluations	<p>Update section to facilitate remote and hybrid evaluations based on risk assessments, Table X (see below). Incorporate Advice Note 'Remove option for waiving surveillance audits' (ADVICE-20-011_12), for example:</p> <div style="border: 1px solid black; padding: 5px;"> <p>3.3 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), a surveillance evaluation may be waived, except for high risk supply chains as defined by FSC. However, certification bodies shall not waive more than two consecutive surveillance evaluations.</p> <p><i>NOTE: The decision to waive a surveillance evaluation on the grounds described above is at the discretion of the certification body. The certification body may require a surveillance evaluation to be carried out if this is considered necessary to ensure confidence in the certificate.</i></p> </div>
4 Certification decision	

PART II: Evaluating Organizations against Specific Requirements

5 Evaluation of project certificates	
6 Evaluation of controlled wood according to FSC-STD-40-005	<p>Update section to align with revision of FSC-STD-30-010 'FSC Controlled Wood Standard for Forest Management Enterprises'.</p> <p>Incorporate Advice Note 'Precautionary approach towards conflicting legislation and differing interpretations of laws and regulations' (ADVICE-20-011_11), for example:</p>

	<p>Legal requirements conflicting with control measures</p> <p>6.2X. Certification bodies shall follow a precautionary approach in cases where there re:</p> <p>a. conflicting, contradictory or otherwise inconsistent requirements for certificate holders organizations within or between applicable international, national, or local laws, regulations and administrative requirements;</p> <p>b. differing interpretations of the above listed legal instruments by public authorities.</p> <p>6.2X. A precautionary approach towards these cases implies that:</p> <p>a. the more or most restrictive requirements shall be applied as constituting the relevant legal basis;</p> <p>b. the more or most rigorous interpretation by public authorities shall be used to determine the practical implementation of relevant requirements.</p> <p>6.2X. Certification bodies shall have a procedure for using the precautionary approach by identifying relevant conflicts in consultation with the relevant FSC Network Partners.</p> <p>6.2X. 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 International Performance and Standards Unit, following PSU-PRO-10-201 Enquiry Procedure.</p>
7 Evaluation of group and multisite chain of custody certificates	<p>Update surveillance evaluations to facilitate remote and hybrid evaluations based on a risk assessment, for example:</p> <p>7.X Remote or hybrid audits for surveillance evaluations for selected participating sites may be conducted according to Clause 2.6 e).</p>
8 Evaluation of supplier audit programs for reclaimed materials	
9 Evaluation of contractors operating under outsourcing agreements	<p>Update surveillance evaluations to facilitate remote and hybrid evaluations based on a risk assessment, for example:</p> <p>9.X Remote or hybrid audits for surveillance evaluations for outsource activity may be conducted according to the low-risk categorization as per Clause 9.3.</p> <p>Clauses 9.2 and 9.3, update the risk categories for when a contracted certified organization ensures through its internal controls that there is no mixing or exchange of materials and may not need to be audited annually.</p>
10 Transaction verification	
11 Evaluation of FSC Core Labour Requirements	
PART III: Chain of Custody Evaluation Reports	
12 Reporting requirements	
13 Public certification summaries for evaluations of CW according to FSC-STD-40-005	

Table X: Risk determination for undertaking remote and hybrid main and surveillance evaluation audits

Scenario	Low risk	Medium risk	High risk
Traders	<ul style="list-style-type: none"> without physical possession with physical possession, but restricted to storage/trading in finished and labelled products 	<ul style="list-style-type: none"> With physical possession and trading in unfinished/non-labelled products 	
Primary and secondary producers/processors/printers and related services	<ul style="list-style-type: none"> Exclusively handling certified products made of single input material (e.g., whole site deals with FSC 100%) All inputs to production are eligible inputs according to Table B in FSC-STD-40-004, only transfer system is used, and physical segregation is not required 	<ul style="list-style-type: none"> Use of either percentage or credit system with/without multiple product groups 	<ul style="list-style-type: none"> High complexity with management and uses of all control systems.
Non-eligible input entering the supply chain	<ul style="list-style-type: none"> Risk mitigated by temporal separation of material 	<ul style="list-style-type: none"> Risk mitigated by identification of material Risk mitigated by physical separation of materials if mitigation can be verified by real time video 	<ul style="list-style-type: none"> Risk mitigated by physical separation of materials
Contractors/outsourcing activities	<ul style="list-style-type: none"> Low risk contractors or High-risk contractors with low-risk categorization as per Clause 9.3 of FSC-STD-20-011 	<ul style="list-style-type: none"> Low risk contractors but with identified risk of improper additions or mixing by the contractors at the contracting facility 	<ul style="list-style-type: none"> High risk contractors as defined in Clause 9.2 of FSC-STD-20-011
Sourcing reclaimed materials	<ul style="list-style-type: none"> Supplier audit program undertaken by another FSC accredited CB 	<ul style="list-style-type: none"> Reclaimed material classification can be demonstrated through objective evidence upon receipt. 	<ul style="list-style-type: none"> Supplier audit program undertaken by applicant organization <i>and</i> reclaimed material classification through objective evidence not possible.

<p>Sourcing CW through implementation DDS as per requirements of FSC-STD-40-005 standard</p>	<ul style="list-style-type: none"> • Low risk of origin, <i>and</i> • Low risk of mixing 	<ul style="list-style-type: none"> • Specified risk for origin (mitigation measures do not require field level verification) <i>and</i> • Low risk of mixing 	<ul style="list-style-type: none"> • Specified risk for origin (mitigation measures require field level verification) <i>or</i> • Specified risk of mixing that can be mitigated only by physical separation.
<p>Group and multi-site certification</p> <p>(Central office requirements may be evaluated in the same manner as a single site)</p>	<ul style="list-style-type: none"> • Normal risk** participating site 	<ul style="list-style-type: none"> • High risk participating site* which meets remote audit requirements for reclaimed materials sourcing, CW sourcing and for contractors 	<ul style="list-style-type: none"> • High risk participating site*.
<p>Other risk factors</p>	<ul style="list-style-type: none"> • Performance of CH to meet requirements have been consistently high 	<ul style="list-style-type: none"> • Custom manufactured products with individual conversion factors • Project certification 	<ul style="list-style-type: none"> • Unresolved complaints/disputes regarding the organization's conformity to the requirements of FSC standards • Core labour requirement risk factors according to system or risk identified by the certification body

***High-risk participating site:** A participating site operating a controlled wood verification program or due diligence system according to FSC-STD-40-005, a supplier audit program for reclaimed materials according to FSC-STD-40-007, or high-risk outsourcing to a non-FSC-certified contractor.

****Normal risk participating site:** A participating site that does not conduct any of the activities considered 'high risk' above.