



# CONCEPTUAL PHASE REPORT FOR CHAIN OF CUSTODY REVISION

Consultation material for the conceptual phase of the chain  
of custody revision



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**Title:** Conceptual Phase Report for Chain of Custody Revision

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**Responsible program:** **Chain of Custody & Controlled Wood**

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# INTRODUCTION

FSC is revising the chain of custody standards (and associated procedures) indicated in Table 1 below, as a joint revision process. Conducting a joint revision of these normative documents means a one-off transition for the certificate holders (CHs) and certification bodies (CBs), rather than a new transition each time each standard is revised.

As part of the conceptual phase, FSC is conducting a public consultation to inform stakeholders of the directional changes that FSC proposes to introduce in the next versions of the above-mentioned documents, and to receive feedback from stakeholders on key topics to be considered in this joint revision

**Important note:** Not all of the proposed changes provided in this document will be included within the Terms of Reference (ToR) for the revision, as its contents will be dependent on the consultation results.

Table 1. Normative documents included in the CoC joint revision process.

Code	Version	Title
FSC-STD-40-004	V3-1	< <u>Chain of Custody Certification</u> >
FSC-STD-40-003	V2-1	< <u>Chain of Custody Certification of Multiple Sites</u> >
FSC-PRO-40-003	V1-1	< <u>Development of National Group Chain of Custody Eligibility Criteria</u> >
FSC-PRO-40-003a	N/A	< <u>List of Approved Group Chain of Custody Eligibility Criteria</u> >
FSC-STD-40-007	V2-0	< <u>Sourcing reclaimed material for use in FSC Product Groups or FSC Certified Projects</u> >
FSC-STD-20-011	V4-2	< <u>Chain of Custody Evaluations</u> >
FSC-PRO-20-001	V1-1	< <u>Evaluation of the organization’s commitment to FSC Values and occupational health and safety in the Chain of Custody</u> >

# Abbreviations

<b>AAF</b>	Annual Administration Fee
<b>ASI</b>	Assurance Services International
<b>CB</b>	Certification body
<b>CFM</b>	Controlled Forest Management
<b>CH</b>	Certificate holder
<b>CLR</b>	Core Labour Requirements
<b>CoC</b>	Chain of Custody
<b>CW</b>	Controlled Wood
<b>DAR</b>	Digital Audit Report
<b>EUDR</b>	Regulation (European Union) 2023/1115 on Deforestation-free Products
<b>EUTR</b>	EU Timber Regulation No 995/2010
<b>FM</b>	Forest Management
<b>FPT</b>	Forest Product Turnover
<b>FSS</b>	Forest Stewardship Standard
<b>FSC</b>	Forest Stewardship Council
<b>ILO</b>	International Labour Organization
<b>NF</b>	Normative Framework
<b>OHAS</b>	Occupational Health and Safety
<b>PSU</b>	Performance and Standards Unit

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# 1. STRUCTURE OF THE NORMATIVE DOCUMENT

## 1.1. Combining Standards

The revision process aims to merge the three standards applicable to certificate holders (CHs) which are under revision, following the structure presented in Table 2. below.

This approach, alongside introducing modularity (see Section 1.2 of this document below), is expected to not only provide a one-off transition date, but also presents added benefit of streamlining the normative framework by reducing the number of standards and the repetition of requirements, e.g., Part IV in FSC-STD-40-004 V3-1 is equivalent to Part I in FSC-STD-40-003 V2-1. Following this approach, certain procedures will be phased out (e.g., FSC-PRO-40-003).

Table 2. Integration of standards under revision into a single standard.

Current normative code and title	Foreseen normative code and title
<b>FSC-STD-40-004 V3-1</b> Chain of Custody Certification	
<b>FSC-STD-40-003 V2-1</b> Chain of Custody Certification of Multiple Sites	
<b>FSC-PRO-40-003 V1-1</b> Development of National Group Chain of Custody Eligibility Criteria	<b>FSC-STD-40-004 V4-0</b> Chain of Custody Certification
<b>FSC-PRO-40-003a</b> List of Approved Group Chain of Custody Eligibility Criteria	
<b>FSC-STD-40-007 V2-0</b> Sourcing reclaimed material for use in FSC Product Groups or FSC Certified Projects	

### Proposal:

Combine CHs applicable standards and procedures into the one main CoC standard.

### Questions:

- To what extent do you agree with the proposal for combining standards. (1 - strongly disagree; 5 - strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

## 1.2. Modular approach

While maintaining the standard in its current format (i.e., PDF divided into parts, sections, clauses, etc.), FSC will explore implementing a modular approach, based on the digitization of requirements, and the selection of clauses based on the scope of certification. On answering targeted questions (e.g., defining the scope of activity), the system would then generate a 'personalized' standard containing only the relevant requirements. It would also link to relevant interpretations, advice notes and guidance material. This approach allows greater flexibility in the location of requirements, reducing the need for repetition or cross-referencing requirement documents.

At a later stage, a dedicated user platform could be realized, where all information (normative and non-normative) would be centralized, also allowing direct notifications, for example, of updated normative documents (e.g., new interpretation published on Clause XX), and of new consultations launched. This has the potential to improve the user interaction and understanding of the concepts and changes, which is particularly relevant for small and medium-sized enterprises where resources are limited.

The revision process will also aim for a more user-friendly document (e.g., more sub-headings, diagrams, explanatory boxes), and the reorganization of certain clauses and sections, including the following examples:

- Section 13. Outsourcing: restructure of requirements applicable to the 'organization outsourcing activities' and the 'organization acting as an FSC-certified contractor'; Create an explanatory box at the beginning of the section.
- Section 8. Establishment of product groups: as the new Section 2 (before any material sourcing or sales requirements); host concepts of inputs, control systems, and outputs (as those presented in Tables B and C of the current version), and thus streamlining the current Sections 2 and 5.
- Section 1. CoC management system: cluster requirements related to occupational health and safety (OHAS) and FSC core labour requirements (current Clauses 1.4, 1.5, 1.6 and 1.11).

As part of the implementation of the revised standards, FSC may explore non-normative solutions, such as the publication of guidance on targeted topics, case-studies, checklists, and user journeys.

*Proposal:*

Digitization of the CoC requirements.

*Questions:*

- To what extent do you agree with the proposal for digitization of the CoC requirements. (1 - strongly disagree; 5 - strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)



## 2. FSC CLAIMS

### 2.1. Claiming 100% reclaimed products as FSC Mix

ADVICE-40-004-17 currently supersedes Clause 5.9 of FSC-STD-40-004, by allowing 100% reclaimed materials to be claimed as FSC Mix. Clause 5.9 of FSC-STD-40-004 (and the note in particular) originally attempted to address the risk of misinterpretation (and potentially of 'greenwashing') by setting a boundary between 100% reclaimed materials and FSC Mix. In addition, an FSC Mix claim (and label) inherently implies that the product contains (at least some) virgin material (see Annex C of FSC-STD-50-001).

The concept of ADVICE-40-004-17 is largely supported by CHs, especially in cases where the use of a single claim optimizes the trading process (i.e., FSC Mix output claim regardless of whether the input is FSC 100%, FSC Mix or FSC Recycled). However, maintaining it does not address the risk of misinterpretation highlighted by some stakeholders, and would require FSC to change its messaging on FSC Mix related trademarks.

#### 2.1.1 Downgrade FSC Recycled credit into FSC Recycled x%

Some stakeholders have requested clarification (via a normative reference) on the possibility to downgrade FSC Recycled Credit to FSC Recycled x%, similar to the case of FSC Mix (see Clause 5.9 of FSC-STD-40-004, Figure A). FSC will therefore work on such change (also considering the topic in [Section 2.1](#)).

*Questions:*

- Please select your preferred option (single choice)
  - a) Keep concept from ADVICE-40-004-17;
  - b) Reinstate restriction from Clause 5.9;
  - c) Other
- Please provide the rationale for your answer and/or any suggestion for improvement. (open-ended)

### 2.2. FSC CW + FSC Recycled inputs in the transfer system

Under the current standard, organizations under the transfer system using a combination of FSC CW and FSC Recycled inputs cannot make an FSC claim (see Clause 5.9, Table D of FSC-STD-40-004). However, in V2-1 of FSC-STD-40-004, this combination of inputs was possible with a corresponding FSC CW output claim.

Feedback received highlighted that the current requirements have prevented organizations from procuring FSC-claimed material, especially procurement of FSC Recycled, and in situations where all inputs cannot be sourced with the same FSC claim. It has also affected the downstream supply chain, where further processing is required and the use of FSC-STD-40-005 and FSC-STD-40-007 is not feasible.

*Proposal:*

Under the transfer system, combining FSC Recycled and FSC CW will result in an FSC CW output claim.

*Questions:*

- To what extent do you agree with applying the FSC CW output claim for a combination of FSC CW and FSC Recycled inputs. (1 - strongly disagree; 5 - strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

### 2.3. FSC CFM with claim-contribution

Controlled Forest Management (FSC-STD-30-010 V3-0) has introduced a new output claim, FSC CFM, to incentivize controlled forest management, and to distinguish it from forest products sourced as controlled material or FSC Controlled Wood (CW) that conform to FSC-STD-40-005.

ADVICE-40-004-27 introduces this new claim in the CoC system and sets the minimum requirements for its control. It maintains the same restrictions as applies for FSC CW (e.g., products must be raw or semi-finished and sold only to CHs; no claim-contribution), with the exception that FSC CFM claimed materials are considered FSC-certified<sup>1</sup>, unlike FSC CW.

A workshop open to all stakeholders was held on 27 September 2023 ([see report here](#)). The main objectives were to introduce the new claim and to engage in a discussion on a possible FSC CFM claim-contribution to the chain of custody certification. Most of the participants supported some percentage of claim-contribution, and out of the options provided, 70% was the preferred claim-contribution (e.g., in a credit system, if 10 kg are received, 7 kg count as claim-contributing input).

Adding a contribution to the FSC CFM claim could be an important incentive for CFM-CHs and a recognition of the efforts of moving towards forest management certification based on full set of requirements of the applicable locally adapted Forest Stewardship Standard (FSS).

Although the potential benefits are generally described, the practical implications of such changes in the supply chains may need to be explored, for example, the extent to which there will be benefits at both the forest management and supply chain levels; the likelihood that the desired uptake will occur; the potential risks that may arise. Further analysis and consultation will therefore be conducted to properly evaluate and inform the CoC revision process.

#### *Proposal:*

FSC CFM claim to have a 70% claim-contribution in the CoC system.

#### *Questions:*

- To what extent do you agree with the proposed claim-contribution for FSC CFM. (1 - strongly disagree; 5 - strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

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<sup>1</sup> Definition of 'FSC-certified product': A product that conforms to all applicable certification requirements and is eligible to be sold with FSC claims on invoices and to be promoted with the FSC trademarks. FSC Controlled Wood is not considered to be FSC-certified product (Source: Annex E, FSC-STD-40-004 V3-1)

## 2.4. Streamlining FSC Mix/Recycled Claims

Over the years, the FSC system has increased the number of FSC claims available to better reflect the products' specific characteristics, even where there is no associated FSC trademark. However, stakeholders argue that this has had a negative impact on the management of the different eligible inputs. For this reason, it has been suggested that FSC should consider removing the 'credit' information and keeping only the percentage. This would mean that the current FSC Mix Credit/ FSC Recycled Credit claims, would therefore be named as FSC Mix 100%/ FSC Recycled 100%, on the basis that it has a full claim-contribution, such as the already existing FSC Mix 100%/ FSC Recycled 100% claims.

A prerequisite for this proposal would be that credits would continue to be deducted 1:1, as provided under current requirements, i.e., there would be no possibility of partial deduction (e.g., 0.7 credits towards a FSC Mix 70% claim).

### *Proposal:*

FSC Mix/Recycled 100% instead of FSC Mix/Recycled Credit.

This proposal may have two negative impacts:

- Required change for all CHs applying a credit system and those with a transfer system passing these claims;
- Misperception about the composition of the product at the client level– currently 'FSC Mix 100%' only exists for a combination of FSC 100% and reclaimed paper or post-consumer wood.

### *Questions:*

- To what extent do you agree with the proposed change to FSC Mix/Recycled 100% to replace FSC Mix/Recycled Credit. (1 - strongly disagree; 5 - strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

### 3. TIMBER LEGALITY REQUIREMENTS

FSC has developed the FSC-STD-01-004 V1-0 FSC Regulatory Module (published and effective on 1 July 2024) to assist CHs in aligning their practices with the requirements of Regulation (EU) 2023/1115 (EUDR), as a complementary ('add-on') standard to the existing FSC requirements.

In order to maintain its global and general application, it is proposed not to change the current Section 6 (of FSC-STD-40-004). Country specific or regional legislations [e.g., Australian Illegal Logging Prohibition Act, Forest Risk Commodities ('UKDR'), US Lacey Act] can be specifically addressed in the FSC Regulatory Module (or similar process) and applied by CHs according to their scope of certification.

Minor changes to the wording of Section 6 may still apply, in order to maintain an up-to-date relevance.

#### *Proposal:*

Specific legality requirements will be kept in a complementary standard.

#### *Questions:*

- To what extent do you agree with keeping specific legality requirements in a complementary standard. (1 - strongly disagree; 5 - strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

## 4. LABOUR REQUIREMENTS

With understanding that the inclusion of the FSC Core Labour Requirements (CLR) presented major change for stakeholders in Version 3-1, changes to this section include only the implementation of motions that were voted for by membership, alignment with International Labour Organization's (ILO) Fundamental Principles and Rights at Work (adopted in 1998 and amended in 2022), and improvements based on recommendations from ASI reporting and in response to stakeholder enquiries.

### 4.1. Expanding the universal requirements

In the Review Report, it was considered that any expansion to the requirements related to CLR should be conducted with caution, and therefore the following changes are presented to align and improve clarity. Any amendments for the certification standard requirements will ensure to be considered in changes to the evaluation standard (FSC-STD-20-011).

#### 4.1.1. Child Labour

Based on recommendations from ASI ('Legal Framework and Country Risk Analysis Report', see related news item here), the current requirements do not provide any different requirements for developing countries, as provided in ILO Convention No.138 on Minimum Age. The slight changes for developing countries mean that the minimum working age can be 14 years old, provided that the work is not hazardous, and they have completed compulsory education. This change has a knock-on effect on the definition of 'light work' where the age can be 12-13 years. This change will impact limited countries, where the legal working age is defined as less than 15-years old.

#### 4.1.2. Forced and Compulsory Labour

The current provisions in clause 7.3 do not explicitly reference prison labour. As a topic of various enquiries in relation to activities provided in the scope of certification, in the context of both the organization itself and activities conducted via outsourcing agreement, this element would be clarified for both circumstances, with a relevant definition added in the Terms and Definitions section. This will also aim to clarify application in cases where prison labour is placed at the disposal of private enterprises (see C029, Article 2.2c).

Additionally, the report by ASI ('Legal Framework and Country Risk Analysis Report', see related news item here) noted that clause 7.3 does not include all indicators of forced labour. Although clause 7.3.2 caveats that the list provided is non-exclusive, further examples will be added e.g. 'abusive working and living conditions' to cover situations where accommodation is provided for workers (see ILO publication for reference).

#### 4.1.3 Discrimination

To align with the ILO Conventions, and based on the report by ASI ('Legal Framework and Country Risk Analysis Report Summary of Project Outputs & Deliverables' see related news item here), the discrimination element will include reference to 'equal work, equal wage', with reference to the ILO Convention on Equal Remuneration (C100), which provides for 'equal pay for work of equal value'.

### Questions:

- Do you have any specific concerns on any of the example changes on forced labour, child labour, and discrimination proposed? (Yes/No)
- Please detail these specific concerns (open-ended)
- Are there other elements of the current CLR that should also be revised? Please include, for example, terms and definitions to be amended. (open-ended)

## 4.2. Incorporation of Members' Motions in the FSC Core Labour Requirements

### 4.2.1. Motion 50/2021 and the Right to Freedom of Association

The member motion provides for the right of access to be included, to ensure that trade unions can freely access workplaces to engage with workers, and is applicable to both CoC and FM. The objective is to ensure that worker organization/trade union representatives can access workers 'at first request', with management providing information on worker whereabouts and ensuring no interference with related meetings (full detail is available [here](#)).

Under Clause 7.5 of the FSC-STD-40-004, more clarity will be provided on the right of access for workers' organizations, in situations where either workers are already members of these organizations or not. Additional clarification to define 'access' and any associated terms referenced in the motion may be provided via a Note or in the Terms and Definitions section.

### 4.2.2. Motion 51/2021 and the Right to Occupational Health and Safety (OHAS)

This member motion provides for a freely elected health and safety representative in all FSC-certified organizations, with election of representatives to be held at least every 4 years, with number dependent on the number of workers and occupational risks involved. With the recent changes in the International Labour Organization (ILO) fundamental principles, it is proposed that this motion will be addressed in conjunction with resulting changes from this right's incorporation into FSC CLR.

ILO's Fundamental Principles and Rights at Work (adopted in 1998 and amended in 2022), added a 'safe and healthy working environment' as a fundamental principle and right in 2022, including two conventions to bring the total number to ten. The new conventions added are: C187 - Promotional Framework for Occupational Safety and Health Convention, 2006, and C155 - Occupational Safety and Health Convention, 1981.

### Proposals:

With the addition of OHAS as a fundamental right and principle at work and to incorporate the motion, the following are proposed:

- **Amendment of Clause 1.4:** With the understanding that Clause 1.4 covers the commitment to OHAS, it may remain in Section 1, with a slight alteration, but detailed requirements will be hosted in Section 7.
- **Addition to Section 7:** The minimum requirements for OHAS commitment will be moved for inclusion in Section 7. The OHAS section would include key requirements set out in the ILO conventions (C155, C187), which had previously been referenced in Clause 1.4, e.g., OHAS

representative, procedures, and staff training. In addition, the elements of the member motion will be considered to cover the element of freely elected representation.

- **Guidance on Application:** FSC is conscious that the requirement for freely elected representation in relation to OHAS may not fit all organizations. For example, the number of workers may be too low to apply this requirement as it is worded in the motion. Therefore, FSC plans to provide details on its application.
- **Incorporation of FSC-PRO-20-001 V1-1:** The inclusion of OHAS into FSC CLR will impact the relevance of FSC-PRO-20-001 V1-1, with suggested 'withdrawal' based on the intention of the Procedure being met through the adherence to the main Standard (see [section 14.](#)).

#### Questions:

- Do you agree with the proposed suggestion to retain a general commitment to OHAS within Section 1, while keeping the main new requirements in Section 7? (Yes/No)
- If you answered 'No' to Q1, please provide your rationale. (open-ended)
- Please provide any immediate concerns you have on the inclusion of OHAS within Section 7 (FSC CLR)? (open-ended)

## 4.3. Improvements for Policy Statements and Self-Assessments

### 4.3.1 Providing more concise instructions

To facilitate better understanding and application, as a normative section of the standard, the instructions provided for the policy statement and self-assessment will be reduced and streamlined; with more detailed guidance on each core labour requirement provided external to the standard.

Annex D in FSC-STD-40-004 will be amended to cover the topic of outsourcing, with reference to Section 13 (Outsourcing), as this issue is not referenced in Annex D of the current version (see below [for more on contractors](#)).

### 4.3.2 Amendment of Self-Assessment Template

As various stakeholders have indicated that major changes to the self-assessment would not be welcomed (see [workshop report](#) here), due to the effort of implementation with the current version. It is envisaged any changes will mainly reflect the changes made to Section 7, with potential additional capture of quantitative information e.g., gender disaggregated data for workers. The inclusion of quantitative information such as worker numbers, gender, and type (e.g., casual/migrant), was provided in an internal report conducted by ASI entitled, 'Legal Framework and Country Risk Analysis Report Summary of Project Outputs & Deliverables'(see related news item [here](#)), which provided in-depth review on how FSC CLR was applied in 19 countries, with recommendations for FSC to improve implementation.

Alongside any amendments to the template, more clarity will be provided on the expectation of the person to provide the 'Attestation' and how updates should be marked, to highlight changes from the previous evaluation to the certification body.

These proposed changes aim to ensure the self-assessment becomes a 'living document', capturing data efficiently for use in the evaluation by the accredited auditor.

This proposed improved guidance will include reference to indicators and incorporate parts of FSC-PRO-20-001 before its withdrawal (see [section.14 below](#)), including reference to the requirement to look for 'further evidence', only in cases where the evidence presented is indicative of non-conformance.

*Questions:*

- Do you consider the capture of quantitative information (e.g. worker number, gender, type) would present a major challenge for stakeholders? (Yes/No)
- If you answered 'Yes' to Q1, please provide your rationale, or suggest an alternative document or method to capture this data. (open-ended)



## 5. PRODUCT GROUPS AND CONTROL SYSTEMS

### 5.1. Species information within the CoC system

The identification of species (including scientific and common names) has been a key integrity topic for FSC (e.g., Clause 6.1 b) of FSC-STD-40-004, ADVICE-40-004-20 V2-0, FSC Wood ID program). FSC-ADVICE-40-004-19 superseded Clause 8.3 c) of FSC-STD-40-004, requiring the species information in all cases, except for reclaimed materials and paper components in assembled products (provided it didn't conflict with applicable timber legality legislation). The advice note was withdrawn in December 2020 due to implementation challenges, which were resulting in negative impacts on CHs.

Timber legality and anti-deforestation regulations are reinforcing the importance of transparency in species information. FSC is therefore re-opening this topic for consideration, on the basis that clear requirements for recording and storing the information should be established, relevant interpretations (i.e., INT-STD-40-004\_40, INT-STD-40-004\_41) are included, and the verification system for species information is improved. At minimum, the organization should be required to identify the species in its product groups, where this information is also required by applicable legislation.

Note: FSC Trace can facilitate the species identification between CHs in the supply chain, at a product-specific level.

#### *Proposal:*

One of the following scenarios is proposed for incorporation in the revision:

- Scenario A: All certificate holders are required to provide their species information; or
- Scenario B: Species information is only required when required by the legislation.

#### *Questions:*

- Please select your preferred option. (single choice)
  - a) Species information in all cases;
  - b) Species information only when required by legislation;
  - c) Other
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

### 5.2. Cross-border credit/ percentage systems

Clauses 10.4 c) and 11.3 c) of FSC-STD-40-004 V3-1 allow organizations to share credit/percentage volumes across multiple sites in the same country or in the Eurozone. Since 2021, FSC launched a pilot project to investigate the potential of expanding the requirements to organizations with a multisite certificate and physical sites in the following regions which share similar characteristics with the Eurozone, including:

- Canada and the United States of America (US) (North America);

- Non-Eurozone and Eurozone countries<sup>2</sup> of the European Economic Area (EEA).

Each site participating in cross-site accounts shall contribute at least 10% of the input credit (and 50% of the input percentage). Pilot participants confirmed that the extension would contribute to the growth of the FSC system by offering several benefits, such as reducing transportation costs, better logistics and resource planning, efficient usage of FSC credits, and broadening of the FSC-certified products/offerings on the marketplace. However, concerns about the complexity of setting up a centralised accounting system across borders have been raised. Therefore, it is essential to engage further with interested stakeholders to address and alleviate their concerns and discover the growing opportunities for the FSC scheme.

For updated information, please see the [process page of the pilot project](#).

*Questions (for stakeholders who apply credit/ percentage system and network partners):*

- To what extent do you agree with expanding the scope of clauses 10.4 c) and 11.3 c) to Canada/the US region, or the EEA? (1 - Strongly disagree, 5 - Strongly agree)
- Considering the proposal to expand the scope of clauses 10.4 c) and 11.3 c) to Canada and the US region or the EEA, to what extent do you agree with the following statements? (1 - Not at all, 5 – To a great extent)
  - a) The proposal contributes to promoting the emergence of certification for areas that are remote and currently lack FSC-certified materials.
  - b) The cross-border model for credit/percentage control systems will enhance the visibility of FSC claims/trademarks in locations where FSC-certified materials are scarce or developing slowly.
  - c) The cross-border model for credit/percentage control systems will facilitate sourcing more materials, even if the sourcing sites would be unable to process all of them into FSC job orders.
  - d) A set of criteria must be established so other economic regions can join in the future.
- Do you have any further comments about expanding the scope of Clauses 10.4 c) and 11.3 c) to North America (Canada and the US) region, or the EEA? (open-ended)
- If you hold a CoC certificate in the Eurozone, please choose the answer that best reflects your current implementation of the requirements in Clauses 10.4 c) and 11.3 c) (select all that apply).
  - a) The current requirement is fully supported.
  - b) Multi-site certificate holders are able to set up the control system and monitor the system across borders within the Eurozone.
  - c) Multi-site certificate holders are unable to set up the control system across borders within the Eurozone.
  - d) The question is not relevant to my scope of work.

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<sup>2</sup> Eurozone: Geographic and economic region that consists of all European Union member states which have adopted the euro (€) as their national currency (Source: Annex E of FSC-STD-40-004 V3-1)

## 6. COMPOSITE MATERIALS

### 6.1. Exploring how neutral materials should be accounted for in FSC products

FSC products made of both neutral materials and FSC-certified components that cannot be distinguished shall only be labelled and claimed as FSC Mix (see ADVICE-40-004-15). For example, a garment made of 95% cotton and 5% FSC-certified viscose with an FSC 100% claim, can only carry an FSC Mix claim and label. This requirement was introduced to address the issue of misleading claims on FSC products with a potential risk to FSC's credibility.

The consultation on the Review Report with stakeholders revealed polarized opinions on this topic. However, there is a consensus that potentially misleading claims should be avoided, in line with upcoming national and regional 'anti-greenwashing claims' regulations e.g. the EU Green Claims Directive.

#### *Proposals:*

In the revision, FSC proposes the following scenarios for consideration:

- a) Keep the concept from ADVICE-40-004-15; or
- b) ADVICE-40-004-15 is only mandatory where FSC content is below a defined threshold (e.g., <30%); or
- c) Specify the FSC content/percentage within a product (on sales documents and additional text to the FSC label – while maintaining the original claim/label, e.g., FSC 100%);

#### *Questions:*

- Please select your preferred option. (single choice)
  - a) Keep ADVICE-40-004-15;
  - b) Define threshold for ADVICE-40-004-15;
  - c) Specify FSC content
  - d) Other
- Please provide the rationale for your answer and/or any suggestion for improvement. (open-ended)

### 6.2. Which components need to be certified

Annex C of FSC-STD-40-004 provides the rationale and examples of which components of a product need to be certified. Given the evolving nature of markets and the diversity of product types, listing all possible examples in the standard is not feasible and would require an unmanageable need for revision. Therefore, instead of the need for constant revisions, FSC propose to keep the core concepts in the standard (revising Annex C) and, as supported by the majority of stakeholders during the consultation on the Review Report, to list the examples in a guidance or FAQ format, to be regularly updated based on prioritization of the requests.

## 7. OUTSOURCING

### 7.1 Improving clarity on outsourcing activities and contractors

Outsourcing was indicated by stakeholders as a topic requiring recurring clarification, as markets become more complex than the scenarios currently presented in Section 13 of FSC-STD-40-004. Acknowledging that all potential cases cannot be addressed in the standard, at minimum the following changes should be considered:

- a) 'Further outsourcing' [Clause 13.4 c)]: differentiate between non-CHs and CHs being further outsourced (revising the conflicting concept of retention of legal ownership – Clause 13.6); regulate a tri-party agreement.
- b) Acting as an FSC-certified contractor (Clauses 13.8 – 13.10): clarify the meaning of “all applicable certification requirements are met.” (Clause 13.8); reconsider the need to brand the product with the information of the non-FSC contracting organization (Clause 13.10).
- c) Inclusion of core labour requirements in the minimum specifications (Clause 13.4)

In line with b) above, FSC considers it necessary to take a broader approach on the provision of services within the CoC system. Currently, the scope of the CoC certification is largely focused on the sale of products and lacks context on the provision of services. This gap often prevents companies from participating in the FSC system if their activities are mainly or exclusively focused on services, despite their wish to establish an FSC management system and demonstrate their commitment to FSC certification.

Note: See also [Section 10.2.1. Leasing and Take-back Solutions](#) on leasing solutions; and [Section 11](#) on FSC IT initiatives.

### 7.2. Evaluating disassociated organizations operating as outsourcing contractors

With the implementation of ADVICE-40-004-16 (Disassociated organizations operating as outsourcing contractors), Clause 13.4 e) is not currently applicable. FSC still considers the requirement relevant for its integrity and alignment with the [FSC-POL-01-004 Policy for Association](#). Instead of a self-disclosure by the contractor, FSC will explore other mechanisms to enable the organization to identify these disassociated organizations, e.g., publicly available list by country, notification through FSC Trace.

As well as being relevant to Section 13, this suggestion links to the provisions of ADVICE-40-004-18 (V2-0) (Addressing Deliberate False Claims), which safeguard CHs from inadvertently developing business relations with organizations that have made false claims and/or have been blocked from the FSC system.

*Questions:*

- To what extent do you agree with the directional changes to outsourcing requirements. (1 - strongly disagree; 5 - strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

## 8. “SMALL-ENTERPRISES” – MOTION 28

### 8.1. Introducing a definition for “Small Enterprises”

Current chain of custody normative framework lacks provisions for small enterprises, specifically in the context of “single certification”. The closest provision that currently exists for small enterprises is included in the context of group certification, where organizations shall conform to the specified threshold to be eligible for group certification. Therefore, the addition of a generic definition for small enterprises is considered potentially beneficial for the system.

#### A new definition for “Small Enterprises”

The proposed criteria for organizations to be eligible as “small enterprises” is:

- No more than 15 full-time equivalent employee; AND
- No more than 2 million USD<sup>3</sup> total annual turnover

#### Proposals:

On provision of an agreed definition of “small enterprise”, the following changes are proposed:

- Identification: Organizations can be identified as “small” and are indicated as such on FSC database (voluntary).
- Claim: Organizations that are classified as “small”, can include this information in their claim and pass it along the supply chain using the following statement “[name of organization] is certified as a small enterprise by FSC”
- Labelling: An organization that is classified as a “small enterprise” and uses the FSC trademarks, may utilize the designated “small enterprises” label. FSC-STD-50-001 V2-1 provides 2 labels (FSC 100% and FSC Mix) with regards to “community and small producers”. Including the new definition of “small enterprises” in chain of custody standards necessitates corresponding adjustments to “FSC 100%” and “FSC Mix” labels to reflect the changes of the new definition. Additionally, the label “FSC Recycled” for small enterprises needs to be added in FSC-STD-50-001. (see Figure 1 & 2)
- The 2 million USD threshold to be linked to the annual adjustments of AAF (i.e., annual increase rate in AAF to be applied to the 2 million threshold).
- Amended Definition of “community producer”: Definition in FSC-STD-40-004 to be adjusted to refer to “small enterprises” in chain of custody system.

Note: Organizations are not required to source exclusively from SLIMF management units to be considered a “small enterprise”.

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<sup>3</sup> With reference to the inflation rate provided by the International Monetary Foundation (IMF), this figure has been increased to 2 million USD from 1 million USD in 2014 set in FSC-STD-40-003 V2-1.



Figure 1 FSC 100% and FSC Mix from small enterprises already included in FSC-STD-50-001 (wordings may change)

Figure 2 FSC Recycled needs to be included in FSC-STD-50-001 (wordings may change)

### Example of Identification of Small Enterprises in the Supply Chain

To help stakeholders visualise how this proposal for identification of small enterprises and potential claim would apply in practice, see Figure 3.

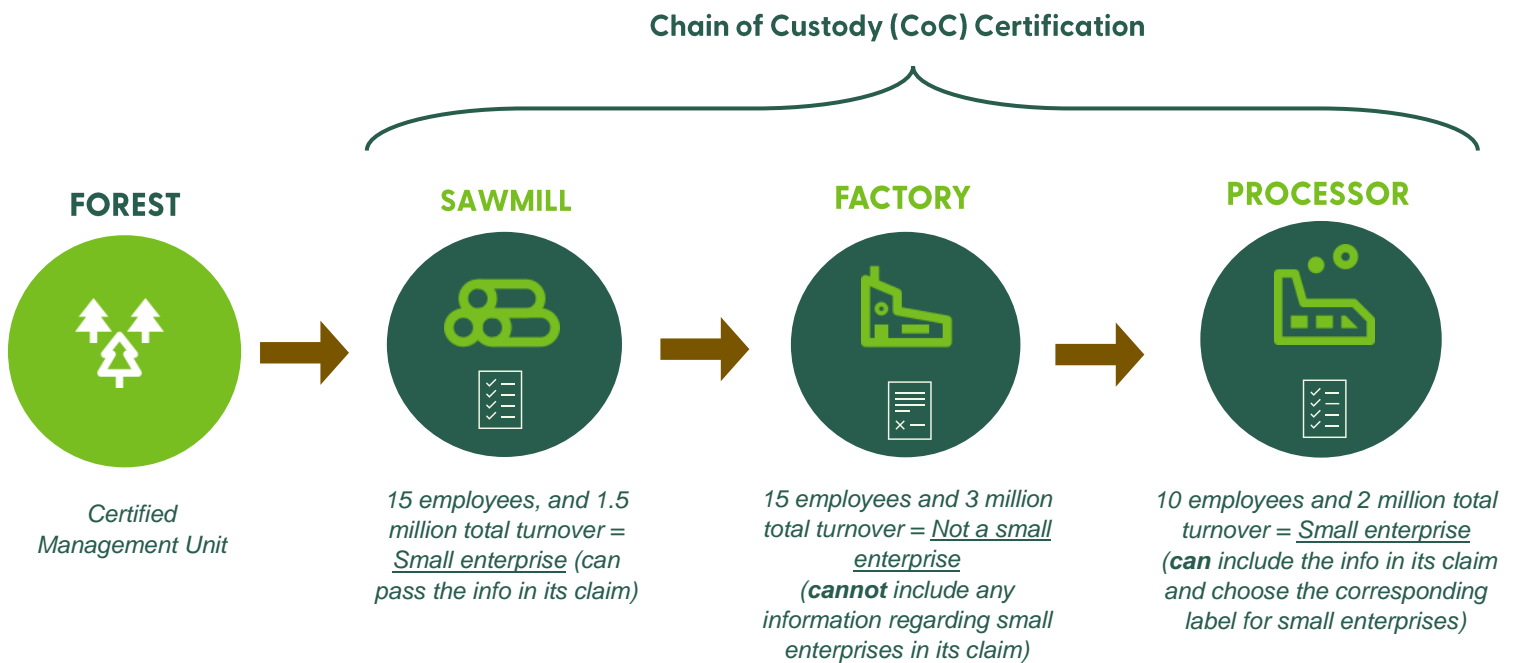


Figure 3 Example of Identification of Small Enterprises in the Supply Chain

### Potential Benefits and Risks

The following potential benefits and risks have been identified for the proposed changes are:

#### Potential Benefits

- Provides the option for small organizations to benefit the provisions of “small enterprises” in the context of single certification;
- Incentivizes “small enterprises” to uptake CoC certification;
- Retains small enterprises in the system, rather than e.g., loss resulting from high costs for certification.

#### Potential Risks

- Addition of a new claim/label may add confusion to the system and cause unintended segmentation.

#### Questions:

- To what extent do you agree with introducing new provisions for “small enterprises”? (1-strongly disagree, 5 – strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)
- In your opinion, what should be the criteria for “small enterprises”?
  - a. Only a cap on number of full-time employees
  - b. Only a cap on total annual turnover
  - c. a cap on both number of employee and total annual turnover
  - d. Other (please explain)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

## 9. GROUP AND MULTI-SITE CERTIFICATION

The following topics have been proposed for incorporation in the revision of FSC-STD-40-003 and FSC-PRO-40-003. While some topics are derived from the Review Report and have been consulted with stakeholders, others are new and have not yet been discussed.

### 9.1. Group Certification Requirements

Due to the concerns raised regarding the generic criteria on group certification and the need to align the requirements according to the current socio-economic aspects of the different value chains in different regions,

The current requirements for organizations to be eligible for group certification are:

- 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.

For the revision, PSU propose the following two scenarios for group certification eligibility:

**Scenario A:** Removing the thresholds and leaving it to organizations to decide to join groups or have a single CoC certification.

**Scenario B:** Using the established classifications of AAF in FSC-POL-20-005. In this option, organizations falling under Class 2, would be eligible for group certification.

Table 3. AAF classes for different organizations (Source: FSC-POL-20-005)

Class	Forest Products Turnover	Processor Base (USD)	Processor Variable (USD)	Trader Base (USD)	Trader Variable (USD)
Class 1	0 – 1 Million	0.00	618.18	0.00	185.45
Class 2	> 1 – 5 Million	618.50	202.31	185.88	60.70
Class 3	> 5 – 25 Million	1428.32	84.30	429.37	25.29
Class 4	> 25 – 100 Million	3114.26	33.72	935.907	10.12
Class 5	> 100 – 500 Million	5643.70	20.23	1695.72	6.07
Class 6	> 500 – 2,000 Million	13735.33	16.86	4121.90	5.05
Class 7	> 2,000 Million	39024.39	14.05	11703.729	4.22

#### Questions

- Which option do you consider more suitable for the revision of CoC group certification?
  - a. Scenario A
  - b. Scenario B



- c. Other
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)
  - In your view, should the cap on the number of participating sites be set at 500, or would a higher or lower threshold be more appropriate?

## **9.2. Changes to the Procedure for Development of National Group Chain of Custody Eligibility Criteria**

By choosing either scenario A or scenario B for revising the CoC group certification, as provided in section 9.1, FSC-PRO-40-003 will be withdrawn.

# 10. RECLAIMED MATERIAL AND CIRCULARITY

## 10.1. Material Inspection and Supplier Audit Program

The material inspection and supplier audit program in FSC-STD-40-007 will be revised for clarity, with more detailed guidance to facilitate its application. The proposed changes aim to streamline the material inspection and audit process and reduce the resource needs. The proposals include specifying when on-site audits are required and, the feasibility and effectiveness of remote audits for traders or sales offices that do not take physical possession. A detailed non-normative guidance document for the Supplier Audit Program will also be considered.

Questions:

- On a scale of 1 to 5, how effective do you consider the proposed changes will be in streamlining the material inspection and audit process? (1 - Not at all effective, 5 - Very effective)
- What specific challenges or opportunities do you foresee in implementing these proposed changes? (Please specify) (open-ended)

## 10.2. Inclusion of New Circularity Concepts

A detailed report which examines the inclusion of circularity concepts in the FSC system can be found [here](#).

### 10.2.1. Leasing and Take-back Solutions

The growing emphasis on circular economy principles, driven by evolving legislation and consumer demand, has prompted stakeholders to propose the introduction of take-back and leasing of FSC-certified products within the Chain of Custody Certification scheme. These concepts are briefly explained below.

#### Leasing

The proposed leasing solutions seek to allow organisations to lease FSC-certified products to other parties (see also [Section 7.1](#)). The report suggests that certified products retain their original certification status while being leased to other parties. Therefore, no additional claim would be created for leased products, however organisations could use FSC trademarks to promote leased products (e.g., off-product statements). It is proposed that only solid products with constant shape, form, and unique identifiers be included in this model to prevent risk of mixing with non-certified products and undermining FSC's integrity.

Table 4 Examples of products for leasing

Product Category	Examples	Potential Applications
Furniture	Tables, chairs, bookshelves	Office spaces, event rentals
Construction Materials	Beams, posts, structural elements	Temporary structures, scaffolding
Musical Instruments	Wooden guitars, violins	Music schools, recording studios
Watercraft	Wooden boats, canoes	Recreational rentals, tour operators
Shipping Materials	Wooden pallets, crates	Logistics companies, warehouses
Industrial Equipment	Wood processing machinery	Small-scale manufacturers, workshops

## Take-back

Take-back programs are a type of circular economy model, which, in the context of FSC, aim to recover unused FSC-certified products to ensure their reuse and integration into the FSC supply chain. Under this proposed system, customers would be able to return unused volumes or portions of products to the originating organization, with the products' certification status remaining valid. Take-back is a concept that is potentially or already being practiced by many organisations, however the current CoC standards do not address this practice. Thus, the inclusion of this concept presents the opportunity for FSC to set clear requirements to regulate the re-entry of unused certified product into FSC supply chains.

Table 5 Examples of products for a take-back model

Product Category	Examples	Potential application
<b>Paper Products</b>	Office paper, packaging materials	Unused or partially used reams/boxes returned
<b>Wood Construction Materials</b>	Lumber, plywood, engineered wood	Excess or unused materials returned to supplier for resale or reprocessing
<b>Furniture</b>	Wooden tables, chairs, shelving units	Unused items returned for resale
<b>Wooden Pallet</b>	Shipping pallets	Unused or pallets returned for resale

As the FSC CoC standards have been focusing primarily on the legal ownership transfer and therefore do not regulate the proposed circular business models, such as leasing or take-back, the revision presents the opportunity to promote these models in the FSC system. FSC is seeking stakeholders' opinions to ensure that the proposed take-back and leasing models align with sustainability goals and meet the needs of various stakeholders.

### Questions:

- To what extent do you agree that FSC should incorporate take-back models into its circularity concepts? (1 - Strongly disagree, 5 - Strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)
- To what extent do you agree that FSC should incorporate leasing models into its circularity concepts? (1 - Strongly disagree, 5 - Strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

## 10.2.2. Circularity Concept for Further Consideration

### Repair and Reuse

Stakeholders have suggested for FSC to consider the potential inclusion of a repair and reuse circularity concept within its system. To realise this suggestion, it is recommended that FSC develops and creates a 'Reuse claim' for used FSC-certified products that can be repaired and reused.

However, stakeholders have raised concerns regarding the complexity of this proposal and the possible undermining of 'regular' FSC claims, if a 'Reuse claim' was added. Some stakeholders assert that used products could already be reclaimed as post-consumer material for FSC Recycled claims, and therefore creating a 'Reuse claim' may be redundant and not add much value. On the contrary, other stakeholders provide that post-consumer reclaimed material currently must undergo major transformations for inclusion into other products groups, while certain products can merely be repaired and used without major transformation or recycling process, and therefore the proposed claim could be useful.

The proposed solution may require a consumer audit program to verify the composition and eligibility of each product for a 'Reuse claim' which could be a significant challenge for FSC.

Table 6 examples of applicable products for the repair and reuse model

Category	Examples	Repair/Reuse Methods
<b>Furniture</b>	Tables, chairs, bookshelves	Refinishing, repairing
<b>Flooring</b>	Hardwood flooring	Sanding, refinishing
<b>Construction Materials</b>	Beams, posts, structural elements	repairing, repurposing
<b>Paper Products</b>	Paper bags, cardboard boxes	Reusing multiple times before recycling

Considering the complex nature of this proposal and the need for extended engagements, this proposal would not fit into this revision's timeline. However, FSC is open to consulting with various stakeholders on the demand, and benefits of granting a 'Reuse' claim for used products within the FSC system.

#### Questions:

- To what extent do you agree that a "reuse claim" would benefit FSC's stakeholders? (1 - Strongly disagree, 5 - Strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

### Co-Products

Co-products, such as sawdust and woodchips generated during primary manufacturing processes like lumber production, are currently sourced through FSC-STD-40-005. However, stakeholders recommend that some co-products (particularly sawdust) could be considered reclaimed material by including them in

the requirements of FSC-STD-40-007, where mixing of inputs makes it unfeasible to apply FSC-STD-40-005. This suggestion could enable a valuable source of biomass to enter the FSC system. However, alongside this benefit are potential disadvantages, including potential regulatory challenges in the evaluation of these materials through the standard for sourcing reclaimed materials, as they are not classified as waste materials by certain legislations, such as the EU Directive 2008/98/EC. Additionally, there are potential risks associated with this proposal, such as compromising FSC integrity (unknown origin), incentivising the use of non-certified materials with risk of originating from unacceptable sources, misaligning with other international or national legislations and fewer environmental benefits.

Considering these risks and timeline of the revision process, the proposal to include co-products has been reviewed, including discussion in the CoC online [workshop](#) in September 2023, and FSC does not foresee that it will be included in the revision.

### **Salvaged Wood**

Currently, salvaged wood (e.g., storm felled timber, logs washed onto beach shores) can only be sourced as a controlled material under FSC-STD-40-005. Because tracing the origin of salvaged wood is sometimes unfeasible, stakeholders have recommended it to be considered as a reclaimed material under FSC-STD-40-007.

The proposal to include salvaged wood as 'reclaimed material' could promote sustainable resource management and reduce landfill waste. Stakeholders also agreed that salvaged wood could be considered reclaimed, so long as this is in line with existing regulations (e.g., recognition of salvaged wood as waste material, collection rights granted by local authorities).

During the conceptual phase, the need for careful consideration of a risk-based approach to salvaged wood and alignment with regulatory requirements was highlighted. Therefore, as part of the revision process, FSC continues to seek stakeholder opinion in order to weigh up the potential benefits and risks to the FSC system.

#### *Questions:*

- To what extent do you agree that salvaged wood should be included as reclaimed material in the FSC standard? (1- strongly disagree – 5 strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)
- Do you foresee any risks for considering salvaged as reclaimed material? (Open-ended)
- What measures should FSC implement to ensure the traceability and integrity of salvaged wood in the certification process? (Open-ended)

### **Urban Waste Wood**

Stakeholders suggested that FSC should consider the inclusion of certain urban trees (e.g., trees at the end of their life cycle, felled by natural occurrences and trees harvested due to risk to life and property) as reclaimed materials. This proposed change could reduce landfill waste streams and reduce the need for forest-based virgin materials. Stakeholders suggest that this would establish controls for urban waste wood sourcing, which currently may enter the supply chain unregulated.

However, consulted stakeholders caveated that materials should only be allowed if their origin can be traced with substantial proof that the materials would have ended up in a landfill. Additionally, they raised

concerns about illegal logging and the social sensitivity of cutting down urban trees may attract negative public attention and therefore recommended that FSC develop a system to mitigate these risks.

*Proposal:*

FSC proposes to consider trees harvested in urban areas to be equivalent as 'post-consumer reclaimed material', with a system to mitigate potential risks identified.

*Questions:*

- To what extent do you agree that FSC should include urban wood trees as post-consumer reclaimed material? (1- strongly disagree – 5 strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)
- Do you foresee any regulatory and integrity risks associated with allowing urban waste trees as 'post-consumer reclaimed material'. (Open-ended)

### **Pre-consumer Reclaimed Wood**

Currently, pre-consumer reclaimed wood has no claim-contribution under the CoC system. However, some stakeholders argue that pre-consumer reclaimed wood is normally regarded as waste material, similar to pre-consumer reclaimed paper and would like it to be granted a claim-contributing status.

In 2014, FSC published ADVICE-40-004-12, introducing due diligence requirements for the control of pre-consumer reclaimed wood (except paper scraps) in the EU market, thus aligning with the EU Regulation No 995/2010 (known as the 'EU Timber Regulation' or 'EUTR'). Granting a claim contribution status to pre-consumer reclaimed wood on the grounds of its similarity with pre-consumer reclaimed paper presents a potential inconsistency between FSC and regulations. Some stakeholders also consider that the risk of greenwashing, integrity risk and risk of negative impact on consumer trust associated with this proposal are high and therefore, should all be carefully considered.

While FSC recognizes market demand and the limited supply of FSC-certified materials, and although Regulations do not recognize these types of materials as waste (i.e., considered 'by-products', similar to co-products in the FSC system), granting a claim-contribution to pre-consumer wood could be considered as a drawback for FSC. Therefore, FSC will carefully consider this proposal in the future, in the context emerging legislation with a balanced group of stakeholders, however this proposal could not fit into the revision timeframe and will therefore not be considered.

# 11. FSC INITIATIVES

## 11.1. CoC Procurement claims

Since 2020, FSC has initiated a pilot project to test the feasibility of enabling a verified procurement claim system within the scope of the FSC Chain of Custody. With verification from a certification body, an organization can make procurement claims for purchases of FSC raw materials, semi-finished products, and unlabelled finished products (which will be used for internal consumption and not further sold with a FSC claim) for chosen product categories.

The project aims to give extra recognition to the proportion of FSC-certified material that are is declassified in the market when they are distributed to companies that are not eligible for Promotional Use of FSC Trademark. During implementation, the project showed potential, such as recognising the use of FSC-certified materials in the market, raising awareness for the organization's staff, and providing better incentives to move to full CoC Certification.

Some requirements in the pilot project procedure are irrelevant to its objectives, preventing many organizations from participating e.g., a textile retailer buys rubber products from non-certified manufacturing factories. In this example, while its suppliers procure FSC-certified materials, they have low interest in pursuing FSC-CoC Certification. The retailer could not participate in the project because the current requirements do not permit such circumstances. Meanwhile, it has been discovered that the targeted users of the procurement claims are different from the users of the current Chain of Custody Certification. FSC is working on testing different approaches, such as applying procurement claim procedures separately or aligning the procedures with FSC-STD-40-004. Also, the requirements of the procurement claims would be made more flexible for changes to address the issues that arise.

For more information, please see the updated process page of the pilot project

*Questions:*

- To what extent do you agree that verified procurement claims will help increase the market for FSC-certified output? (1 - Not at all, 5 – To a great extent)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

## 11.2. FSC IT Initiatives

The FSC Trace is currently being piloted and will be formally launched towards the end of 2024. The practical implementation will inform the revision process, aiming for a dedicated annex covering the requirements applicable for those CHs that opt for this tool (and CBs assessing those CHs, through FSC-STD-20-011). This technology brings the potential for CHs to automatically conform with some of the CoC requirements, such as Clauses 1.9, 2.1, 2.2, 4.2, 4.4, 5.6 (partially), of FSC-STD-40-004.

The revision process will also drive a few changes in the FSC certificate database, such as:

- a) Improved visibility of the certification scope for the participating sites (in a multisite or group certification)<sup>4</sup>;
- b) Provision of services expressed as an activity in the scope.

Currently, only FM certification requires a Digital Audit Report (DAR). For consistency and standardization, this should also be applied to CoC certification. However, FSC recognizes that before being implemented

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<sup>4</sup> Relates to Motion 55/2021, and the changes to the FSC certificate database are dependent on its implementation.

in the CoC system, the learnings from the DAR implementation should be considered for the creation a new generation of the DAR, before it can be prioritized in the revision process.

FSC is also proposing a modular approach with the digitization of requirements (see [Section 1.2](#) for further information).

#### Questions:

- To what extent do you agree with the proposed FSC IT initiatives for CoC. (1 - strongly disagree; 5 - strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)
- Please select the IT initiatives that should be prioritized from a CoC perspective.
  - a) FSC Trace requirements;
  - b) FSC database changes (e.g., improved visibility);
  - c) CoC Digital Audit Report;
  - d) Modular approach;
  - e) Other (multiple choice)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)
- Regarding the 'automatic conformity' (exemption from applicability) of certain requirements through use of FSC Trace, please share any concerns and/or additional suggestions with the concept and examples provided. (open-ended)

### **11.3. Facilitating the sale of FSC products for online marketplaces / e-commerce sites**

In response to the trend of sustainable online marketplaces, the need for adaption or clarification in the CoC system has become more prominent. This is particularly true where the verification and traceability of FSC claims on such platforms is not provided.

FSC is aware that the lack of up-to-date background information for such online market solutions perpetuates the inconsistency of verification, which may cause integrity and reputation issues for FSC. FSC will address this topic in coordination with two other projects: FSC digital ID and '[Two consecutive Promotional License Agreements \(PLAs\)](#)' pilot project. See also INT-STD-40-004\_52 for reference.

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

The revision process will be focusing on built-in mechanisms to address integrity issues such as high-risk supply chains, species of a particular risk for FSC's integrity (ADVICE-40-004-20 V2-0), and false claims (ADVICE-40-004-18 V2-0, currently under revision). In coordination with FSC's system integrity workplans, results from FSC/ASI investigations and studies will provide the baseline for the normative provisions to strengthen system integrity and uphold the Policy for Association (PfA). Such investigations are focused on transaction verification (TV) loops for targeted supply chains and species, technology-based solutions, such as [FSC Trace](#), and [Wood-ID](#)-based sample testing (in coordination with [World Forest ID](#)).



Note: The identification of high-risk supply chains and species may continue to be kept in relevant advice notes so that ongoing results can be more easily reflected in the normative framework. This approach would avoid frequent revision (and transition) of the main standard document, FSC-STD-40-004, and is largely supported by stakeholders in the Review Report.

## 12. GUIDANCE WITHIN THE NORMATIVE REQUIREMENTS

### 12.1. Examples of the application of FSC control systems (informative)

This section provides informative examples on the different FSC control systems. As enquiries from stakeholders often seek clarification on this aspect, the sections will be updated to ensure all output claims are covered, such as the inclusion of an example with an FSC CFM output claim. Another suggestion from the [Review Report](#) is to include 'Control systems in a supply chain'.

### 12.2. FSC core labour requirements self-assessment (normative)

See Section 4.3.2 Amendment of Self-Assessment Template of this document for more details.

### 12.3. Terms and definitions

#### 12.3.1. Grouping terms and definitions across CoC normative documents

Terms and definitions from the various standards in the scope of the revision will be grouped together in one section only, eliminating discrepancies that may have arisen due to the revision dates of each standard. The revision will identify terms not yet defined and/or that would require further clarification, e.g., FSC certification database, low-intensity processing, product characteristic(s), supplier (billing vs delivering), sub-site.

Note: Where advice notes are to be incorporated in the standard, the relevant terms and definitions contained in the advice notes will be added to this section.

#### Amended definitions

The following section provides some examples of definitions that have been identified for amendment:

#### “Community producer”

This definition is proposed to be amended to reflect addition of “small enterprises” definition, as described in [‘Introducing a definition for “Small Enterprises’](#) section.

#### “Discrimination”

The definition is proposed to be updated to include reference to ‘gender’, in response to stakeholder queries received.

#### “Employment and occupation”

To provide clarity that this term encompasses recruitment, this definition is proposed to be updated, in response to stakeholder queries received.

#### “FSC Core Labour Requirements”

As provided in the [section 4](#), this definition will be updated to reflect the change to the ILO’s [Fundamental Principles and Rights at Work](#), with the reference to the inclusion of safe and healthy working environment

# 13. FSC-STD-20-011: Accreditation requirements

## 13.1. Administrative changes

Dependent on the modular approach (see [section 1.2](#)) and agreed requirements for the CoC main and related standards, there may be some required changes to the 'minimum content required' in the evaluation report.

As supported by stakeholders in the [Review Report](#), the DAR has the potential to improve market understanding and outcome orientation, through data collection and analysis. However, as mentioned in [Section 11.2](#), FSC IT Initiatives, the Digital Audit Report (DAR) will be deprioritized from the current revision process, until the new generation of DAR is implemented across the FSC system.

Known changes to these minimum requirements will incorporate, for example, relevant interpretations (e.g., FSC-INT-STD-20-011\_38, to amend reference to "size class" and incorporate instead terminology used in the FSC Annual Administration Fee (AAF) Policy).

## 13.2. Risk-based approach evaluations

### 13.2.1 Remote and hybrid evaluations

In line with the revision of FSC-STD-20-001 (see [process page](#)), there is an identified implementation need to review and revise the requirements for addressing extraordinary situations (e.g., pandemics, conflicts), considering the temporary derogations FSC issued in the past years. One such example is the [COVID-19 Policy response](#), which allowed for CBs to conduct remote and hybrid evaluations based on risk scenarios. The implementation process of such policies provides the basis for consideration of an integrated risk-based approach to the evaluation method used (i.e., on-site, remote, hybrid); with this approach not restricted to application only in extraordinary situations. FSC will define the scenarios and risk factors where remote and hybrid audits can be carried out, with Annex A of the COVID-19 Policy Responses used as a starting point.

Note: New concepts such as 'low-intensity processing' may be considered as an additional activity type (in between trader and processor) when assessing the risk of mixing.

*Questions (for CBs):*

- To what extent do you agree with a general risk-based approach to include remote and hybrid evaluations. (1 - strongly disagree; 5 - strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

### 13.2.2 Waiving surveillance audits

Currently, Clause 3.3 of FSC-STD-20-011 V4-2 allows surveillance audits to be waived, however this waiver is restricted to no more than two consecutive evaluations in cases where the CH has not performed activities within the scope of certification. In practice, this means that out of the four surveillance audits, one or two surveillance audits must be conducted per certification cycle.

FSC proposes a change to allow only one surveillance audit to be waived, which would mean a default of at least two surveillance audits per certification cycle, with two as a minimum, depending on the specific surveillance audit being waived.

In addition, FSC may consider not granting a waiver for high-risk supply chains or species that pose a particular risk to FSC's integrity (see [also section 11.4](#))

*Questions (for CBs):*

- To what extent do you agree with the proposal for waiving surveillance audits (waiving a maximum of one per cycle). (1 - strongly disagree; 5 - strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)

## 13.3. Evaluation of group and multisite chain of custody certificates

### 13.3.1 Changes to the sampling methodology of the participating sites

#### Background

An integrity concern was raised regarding CoC group certification, suggesting that the sample size for auditing groups and multi-sites is too small.

The current methodology for sampling group and multi-sites is the following formula:

$y = R \sqrt{n}$ , where:

$y$  = number of participating sites to be audited by the certification body (rounded to the upper whole number)

$R$  = risk index (see Table A in FSC-STD-20-011)

$n$  = number of new normal-risk or high-risk participating sites to be added to the certificate scope

Currently CBs need to divide the participating sites into two groups, **high-risk & low-risk**, and then apply the formula for both groups. The example below is provided to highlight its current application.

**Example (Part I):** Considering a group with 500 participating members (max number) with 250 high-risk members and 250 low-risk, and with the highest risk index of 1.5 (no common ownership, above 400 members, more than 3 CARs and main audit). In this case, the maximum sample size would be 24 for low-risk and 24 for high-risk, with 48 sites in total. This sample size represents less than 10 percent of the total number of sites.

Considering that most audits have the average risk index of 0.8 or 0.9, this means that on average, the current criteria would result in an even smaller sample size than this example.

Therefore, as presented in the Example, the following proposal is introduced to revise the sampling methodology.

*Proposal:*

Based on the integrity concern described in the background, the revision of the sampling methodology is proposed, with the modification to increase the audit sample size based on a risk-based approach. This entails:

- **Revision of the risk factor for all CHs**

To address identified integrity risks (including a score for high-risk countries in relation to CLR, organization with high-risk supply chains e.g., charcoal, in their scope or high-risk species with reference to ADVICE-40-004-20 V2-0);

- **Percentage requirement for high-risk**

Requiring 20% of high-risk participating sites/members to be included in the sample size for each evaluation or the use of the sampling formula, whichever is higher. This ensures that all high-risk members/sites have been evaluated at least once during a certificate cycle. As for the low-risk sites/members, CB can decide to use the formula or percentage threshold.

Table 7 Revised table A in FSC-STD-20-011 - Matrix for determination of risk index

Risk factor		Score	Score Given
<b>Ownership</b>	All participating sites have common ownership	0.1	
	Participating sites do not have common ownership	0.2	
<b>Certificate size</b>	0–20 participating sites	0.2	
	21–100 participating sites	0.3	
	101–250 participating sites	<del>0.4</del> 0.5	
	> 251 participating sites	<del>0.5</del> 0.6	
	> 400 participating sites	0.6	
<b>Central office's performance</b>	No CAR issued to the central office in the previous evaluation	0.1	
	Not applicable (there was no previous evaluation)	0.1	
	Only minor CARs in the previous evaluation	0.2	
	1–2 major CARs in the previous evaluation	0.3	
	3 or more major CARs in the previous evaluation	0.4	
<b>Audit type</b>	Annual surveillance evaluation	0.1	
	Re-evaluation	<del>0.2</del> 0.1	
	Main evaluation	0.3	
	Audit for inclusion of new participating sites in the certificate	0.3	
<b>High risk supply chains</b>	Participating sites included species with high risk to FSC's integrity in their scope	0.2	
	Participating sites including products with high risk to FSC's integrity in their scope	0.2	
	Participating sites located in countries with high-risk human right condition	0.3	
<b>FSC Trace</b>	Participating sites use FSC Trace	0.1	
	Participating sites do not use FSC Trace	0.2	
<b>TOTAL (R = sum of the scores given)</b>			$\Sigma$

With the implementation of the proposed changes to the risk factors, the previous example would have the following results:

### **Example (Part II)**

Number of high-risk samples: 50 (20% of 250 members/sites) - Number of low-risk samples: 38 (Risk index)

In total: 88 members/sites need to be evaluated.

#### *Questions:*

- To what extent do you agree with the proposed new sampling methodology? (1 - strongly disagree; 5 - strongly agree)
- Please provide the rationale for your answer and/or any suggestions for improvement. (open-ended)
- What other factors could be included to calculate the sample size of group members or multi-sites? (open-ended)

## **13.4. Evaluation of FSC Core Labour Requirements**

### **13.4.1 Improved clarity on requirements for contractors**

Understanding the difficulties faced by both organizations and certification bodies in implementing and evaluating FSC CLR for both the organization and contractors (outsourcers). These amendments will consider incorporation of the latest version of the Advice Notes on Evaluation of Contractors against the FSC Core Labour Requirements (ADVICE-40-004-23 and ADVICE-20-011-15, available in the relevant Directives documents)

### **13.4.2 System for evaluating CLR**

As noted above, the implementation of FSC CLR represented a major change and challenge for many stakeholders. FSC has provided more guidance to assist stakeholders with applying the requirements, however there is acknowledgement that the requirements themselves could be improved to avoid potential confusion. Based on the feedback from stakeholders, more detail will be provided for evaluation, either within the Section 11, 'Evaluation of FSC core labour requirements' in FSC-STD-20-011, or as an annex within this Standard.

This proposed improved guidance will include reference to indicators and incorporate parts of FSC-PRO-20-001 I (see [Section 14](#)), including reference to the requirement to look for 'further evidence', only in cases where the evidence presented is indicative of non-conformance.

#### *Questions (for CBs)*

- Would you consider it beneficial to add evidence requirements for each core labour requirement within the evaluation standard? (Yes/No)
- How could the current Section 11 of FSC-STD-20-011 be improved? Please provide detail. (Open-ended)

# 14. FSC-PRO-20-001 V1-1: Procedure on Commitment to FSC Values and OHAS

## 14.1. Incorporation into other normative documents

### 14.1.1. Review

This procedure was made effective, with the aim to facilitate implementation of the 'new' requirements of commitment to the FSC Values (Policy for Association) and Occupational Health and Safety (OHAS). However, reviewing the procedure's continued validity, many elements of this Procedure were found to be already covered by other normative documents.

Since its publication in 2014, there have been subsequent changes to the CoC certification and evaluation standards, in addition to amendments to the related Policy for Association and License Agreements. For example, the commitment to FSC values is found in FSC trademark license agreement (TLA). For the CB, the auditable requirement in chain of custody is to check for this commitment, which is covered in clause 1.3 in FSC-STD-40-004.

Therefore, FSC proposes to 'withdraw' the Procedure (see [section 14.1.2](#)) and incorporate any outstanding elements into other chain of custody documents.

### 14.1.2. Recommendation for Incorporation

Review of this Procedure presents convincing argument for its 'withdrawal', in the sense that its objectives are met and are or will be incorporated in other normative requirements in the revision e.g. FSC-STD-20-011. As any outstanding elements will be incorporated within the chain of custody standards revision, this would not require a formal withdrawal process, in accordance with the definition of 'withdrawal' as provided in FSC-PRO-01-001 Development and Revision of FSC Requirements Procedure.

#### Questions (for CBs)

- Do you foresee any issues with the proposed recommendation to incorporate this procedure (FSC-PRO-20-001 V1-1) into FSC-STD-20-011? (Yes/No)
- If you foresee any issues with proposed approach, please detail your concerns. (Open-ended)

# ANNEX 1 – KEY INTENDED OUTCOMES FOR THE REVISION OF CHAIN OF CUSTODY STANDARDS

As provided in the procedure on FSC-PRO-01-001 V4-0 *The Development and Revision of FSC Requirements*, during the conceptual phase, FSC members and stakeholders are encouraged to contribute to the key concepts and the formulation of key intended outcomes in the process being followed (see Section 5 of FSC-PRO-01-001 V4-0).

The topics outlined in the conceptual phase report for the revision of chain of custody standards are provided, in part, as result of the topics identified in the CoC Review Report, which gave the rationale for the revision and recommendations for what the revision process should include. Details, including two tables, are provided below to explain what have been identified as the key intended outcomes of the revision process, and how FSC can monitor their fulfilment. This section is currently a work in progress and will be further developed and expanded upon in the coming stages. We welcome your suggestions and feedback for improvement and encourage your input to help enhance the identified outcomes in part 1 and monitoring criteria in part 2.

## Part 1 – Key Intended Outcomes

The recommended topics for inclusion in the revision have been grouped under the following three key intended outcomes (see Table 1):

### Intended outcome 1: CoC integrity is enhanced

'System integrity' within the FSC context refers to the integrity, credibility, and transparency of the FSC system; ensuring FSC certification not only provides value but can be trusted. To safeguard integrity within the CoC scheme, within the revision of the requirements, there are proposals to improve transparency on species and product information, enhance mechanisms for high-risk supply chains, and an improved approach to risk-based evaluation (please see section 13.2. Risk-based approach evaluations)

### Intended outcome 2: Uptake of FSC CoC certification in different sectors/markets is enhanced

As part of FSC's current global strategy, long-term outcomes include enhancing the relevance of market mechanisms, products and services that work in favour of forests and the landscapes they are part of. This includes transforming markets by accelerating market uptake of FSC-certified products. In the chain of custody revision, this strategic aim is worked towards by providing stakeholders more opportunities through certification.

### Intended outcome 3: FSC CoC requirements are streamlined

Streamlining is defined as *'to improve the effectiveness [...] often by making the way activities are performed simpler.'*<sup>5</sup> To streamline the existing requirements and simplify them for users, this will require, for example, changes to the requirements themselves, merging of standards and associated documents, and the provision of a modular approach.

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<sup>5</sup> Definition, Cambridge Dictionary Online: <https://dictionary.cambridge.org/dictionary/english/streamlining>



Table 8 Key intended outcomes of the CoC revision vs topics identified for consideration in the process

Topics proposed for the revision			Key intended outcomes		
Standard	Section Number	Heading	CoC integrity is enhanced	Uptake of CoC certification in different sectors / markets is enhanced	CoC requirements are streamlined
Chain of Custody Certification Standards (FSC-STD-40-004, FSC-40-003 and FSC-40-007)	1.1	Combining Standards			X
	1.2	Modular approach			X
	2.1	Claiming 100% reclaimed products as FSC Mix		X	
	2.2	FSC CW+FSC Recycled inputs in the transfer system		X	
	2.3	FSC CFM with claim-contribution		X	
	2.4	Streamlining FSC Mix/Recycled Claims			X
	3	Timber Legality Requirements			X
	4.1	Expanding the universal requirements			X
	4.2	Incorporating of GA Motions in the FSC Core Labour Requirements			X
	4.3	Improvements for Policy Statements and Self-Assessments			X
	5.1	Species information within the CoC system	X		
	5.2	Cross-border credit/percentage systems		X	

6.1	Exploring how neutral materials should be accounted for in FSC products	X		
6.2	Which components need to be certified			X
7.1	Improving clarity on outsourcing activities and contractors			X
7.2	Evaluating disassociated organizations operating as outsourcing contractors	X		
8.1	Introducing a definition for "Small Enterprises"			X
9.1	Group Certification Requirements			X
9.2	Changes to the Procedure for Development of National Group Chain of Custody Eligibility Criteria			X
10.1	Material Inspection and Supplier Audit Program			X
10.2	Inclusion of new circularity concepts		X	
11.1	CoC Procurement claims		X	
11.2	FSC IT Initiatives			X
11.3	Facilitating the sale of products	X		

		for online marketplaces/e-commerce sites			
	11.4	Developing mechanisms to address integrity issues and risks associated with high-risk supply chains	X		
	12.1	Examples of the application of FSC control systems (informative)			X
	12.2	FSC core labour requirements self-assessment (normative)			X
	12.3	Terms and definitions			X
<b>FSC-STD-20-011</b> <b>Chain of Custody Evaluations</b>	13.1	Administrative changes			X
	13.2	Risk-based approach evaluations	X		
	13.3	Evaluation of group and multisite chain of custody certificates	X		
	13.4	Evaluation of FSC Core Labour Requirements			X
	14	FSC-PRO-20-001 V1-1: Procedure on Commitment to FSC Values and OHAS			X

## Part 2 – Monitoring Framework

As aforementioned, to verify whether the revision process has enabled the formulation of requirements that will lead to the intended outcomes, the following monitoring framework has been formulated in Table 2. The various monitoring criteria encompass wide stakeholder engagement and support in the process and for the revised output, and creating requirements that are relevant, comprehensive and clearly applicable by users. Table 2 also provides a column to identify the monitoring criteria that are connected with the intended outcomes.

Table 9 Monitoring Criteria

Monitoring criteria	Indicator	Key Intended Outcome
The revision process results in engagement with a wide variety of CoC standards stakeholders.	<b>Number of participants</b> in CoC revision consultations.	<b>Intended outcome 2:</b> Uptake of FSC CoC certification in different sectors/markets is enhanced
The revision process results in CoC standards which are generally supported by a wide variety of stakeholders.	<b>Number of stakeholders</b> that generally support the draft version in CoC consultations.	<b>Intended outcome 2:</b> Uptake of FSC CoC certification in different sectors/markets is enhanced <b>Intended outcome 3:</b> FSC CoC requirements are streamlined
Requirements are comprehensive and relevant.	<b>Number of registered accelerated revisions</b> under accelerated processes for V4-0 Note: motions and alignment processes are not considered.	<b>Intended outcome 1:</b> CoC integrity is enhanced <b>Intended outcome 3:</b> FSC CoC requirements are streamlined
Requirements are clear and concise.	<b>Number of CoC interpretations</b> published.	<b>Intended outcome 1:</b> CoC integrity is enhanced <b>Intended outcome 3:</b> FSC CoC requirements are streamlined
The integrity of requirements is strengthened, ensuring greater credibility.	<b>Number of integrity investigations</b> following enforcement of the revised standard <b>Number of CoC interpretations</b> published. <b>Number of registered accelerated revisions</b> under accelerated processes for V4-0 Note: motions and alignment processes are not considered.	<b>Intended outcome 1:</b> CoC integrity is enhanced
The requirements facilitate the adoption of CoC certification across various sectors and markets	<b>Number of new CHs</b> for V4-0 of FSC-STD-40-004.	<b>Intended outcome 2:</b> Uptake of FSC CoC certification in different sectors/markets is enhanced

Monitoring criteria	Indicator	Key Intended Outcome
	<b>Number of CHs</b> with new product types from V3-0 of FSC-STD-40-004a.	

Questions for the Annex 1:

Q1. To what extent do you agree with the proposed key intended outcomes (1- strongly disagree; 5 strongly agree)

Q2. Please provide the rationale for your answer and/or any suggestions for improvement (open-ended)

Q3. In your opinion, what could be other indicators for addressing the key intended outcomes? (open-ended)



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