

Normative Document	17 June 2005	
Chain of Custody of Forest Based Products – Requirements		Annex 4

## Chain of Custody of Forest Based Products – Requirements

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## **Foreword**

The text of this standard has been developed by the Chain of Custody and Labelling Working Group of the PEFC Council in an open and transparent process, which included public consultation and was officially adopted by the PEFC Council General Assembly on 29 October 2004 and amended on 17 June 2005.

This standard can be endorsed and utilised by any forest certification scheme or labelling scheme which includes chain of custody rules for the purposes of using declarations and/or labels referring to the origin of the raw material included in the forest based products.

## **Introduction**

The objective of the chain of custody is to create an information link between the raw material included in a forest based product and the origin of that raw material.

Consumers in growing numbers are seeking evidence of environmentally sound business practices and demand reassurance and proof from forest-based industries that the wood they use comes from sustainably managed sources. Businesses therefore need a reliable and credible mechanism to provide their customers with information about the origin of the raw material. This chain of custody standard implemented together with forest certification and / or labelling schemes provides such a mechanism.

## **Section 1: General**

### **1.1 Scope**

This standard specifies requirements for chain of custody which the organisation must meet if its declarations and / or labels referring to the origin of raw material used in the products sold /transferred is to be recognised as credible and reliable.

In this standard the term organisation is used to cover any body harvesting, transporting, handling or processing forest based products at any stage from a forest to a final consumer.

Chain of custody requirements describe the process of how to get from the information about the origin associated with the procured raw material to the information about the origin which is attached to the organisation's products. This standard specifies two optional approaches for chain of custody, namely physical separation and percentage-based methods.

This standard also specifies the minimum management system requirements for the implementation and management of the chain of custody process. An organisation's quality (ISO 9001:2000) or environmental management system (ISO 14001:1996) can be used to meet the minimum requirements for the management system defined in section 4 of this standard and to accommodate requirements for the certification process defined in section 2 or 3 of this standard.

This standard shall be used together with the requirements specifying the origin, which is to be verified by the chain of custody. These requirements can be delivered

by a forest certification and/or labelling scheme referring to the scheme's specific declaration(s) and label(s) or by the organisation itself referring to the organisation's specific declaration(s) and label(s). Usage of labels and declarations based on the implementation of this standard shall follow ISO 14020:2000.

This standard can be used for the purposes of an organisation's self-declarations, second party certification or third party certification. The type of conformity assessment and specific requirements for its operation is to be specified by a forest certification or labelling scheme that the standard is used with.

The conformity assessment carried out by the third party (third party certification) is considered as product certification and shall follow ISO/IEC Guide 65 / 1996.

The term "shall" is used throughout this standard to indicate those provisions that are mandatory. The term "should" is used to indicate those provisions which, although not mandatory, are expected to be adopted and implemented.

## 1.2 References

This standard incorporates by dated or undated reference, provisions from other publications. These normative references are cited at the appropriate places in the text and the publications are listed hereafter. For dated and undated references the latest edition of the publication referred to applies.

ISO / IEC Guide 65:1996 General Requirements for bodies operating product certification systems

ISO / IEC Guide 2:1996 Standardization and related activities - General vocabulary

ISO 9000:2000 Quality management systems - Fundamentals and vocabulary

ISO 9001:2000 Quality management systems - Requirements

ISO 14001:1996 Environmental Management Systems – Specification with guidance for use

ISO 14020:2000 Environmental labels and declarations - General principles

## 1.3 Definitions

For the purposes of this standard, the relevant definitions given in ISO/IEC Guide 2 and ISO 9000:2000 apply, together with the following definitions:

### 1.3.1 Certified raw material

Raw material whose **origin** is covered by the chain of custody declarations.

### 1.3.2 Certified product

Product which includes **certified raw material** verified by chain of custody.

Note: Qualification criteria for certified raw material are defined by a specific forest certification or labelling scheme or by the organisation itself for the purposes of the organisation's own label and/or declarations.

### 1.3.3 Chain of custody of forest based products

All the changes of custodianship of forest based products, and products thereof, during the harvesting, transportation, processing and distribution chain from the forest to the end-use.

### 1.3.4 Controversial sources

Illegal or unauthorised harvesting.

Note: Examples of the illegal and unauthorised harvesting include harvesting in forest areas protected by law as well as in forest areas officially published by government authorities (or body with the legal authority to do so) as planned to become strictly protected by law, without the government authorities (or the body with the legal authority to do so) giving permission to harvest.

### 1.3.5 Declaration / Label

Claim which indicates certain aspects of a product.

### 1.3.6 Forest based product

Product which includes raw material originating in forests.

### 1.3.7 Neutral raw material

Raw material whose **origin** is considered as neutral in the calculation of the certification percentage.

Note: Qualification criteria for neutral raw material are defined by a specific forest certification or labelling scheme or by the organisation itself for the purposes of the organisation's own label and/or declarations.

### 1.3.8 Labelling

Usage of **labels** (on- or off-product).

### 1.3.9 Origin

Information associated with the raw material used in the product referring either to (i) the properties of the place that the raw material comes from (i.e. certified forests, recycled raw material, etc.) or to (ii) a specific place the raw material comes from.

Note 1: For the purposes of forest certification declarations, the first option "the properties of the place that raw material comes from, applies.

The second option "the place the raw material comes from" is applicable only for the physical separation method where an organisation has decided to trace a specific place that the raw material comes from (FMU, etc.).

Note 2: The definition of the origin (i.e. "properties of the place" or "specific place") is specified either by (i) the relevant forest certification or labelling scheme if the chain of custody is implemented for the purposes of usage labels and/or declarations of the scheme or by (ii) the organisation itself if the chain of custody is implemented for the purposes of the organisation's own label and/or declaration.

### 1.3.10 Other raw material

Raw material other than **certified** and **neutral raw material**.

Note: Qualification criteria for other raw material can be defined by a specific forest certification or labelling scheme or by the organisation itself for the purposes of the organisation's own label and/or declarations.

### 1.3.11 Physical separation

A procedure in which various raw material types of different origin are kept separate so that the origin of the raw material used in making a product is known.

### 1.3.12 Pre-consumer by products

Wood and fibres in the form of sawdust, fibrous wood, printers' off-cuts, solid wood off-cuts or composite wood off-cuts resulting from any wood transformation or

manufacturing process and which may be reclaimed and recycled as raw material for a manufacturing process, or burned.

### **1.3.13 Post-consumer wood and fibres**

Wood and fibres previously used in consumer or commercial products, discarded for reuse, recycling or disposal, not including saw mill or forestry residues.

### **1.3.14 Production batch**

Set of products manufactured or traded in the specified processes during the specified time.

### **1.3.15 Recycled wood and fibres**

Post consumer wood and fibres and pre-consumer by products.

### **1.3.16 Wood based raw material**

Raw material or intermediate product based on wood (e.g. round wood, chips, sawdust, sawn wood, wood based panels, pulp, paper, cork, bark, resin).

## **Section 2: Requirements for chain of custody process - physical separation method**

### **2.1 General requirements for physical separation**

**2.1.1** The organisation applying the physical separation method shall ensure that the certified raw material is separated or clearly identifiable at all stages of the production or trading process.

**2.1.2** The organisation, whose certified raw material is not mixed with other raw material and/or where the certified raw material can be identified during the whole process, should use the physical separation as the preferred option.

### **2.2 Identification of the origin**

#### **2.2.1 Identification at delivery level**

The organisation shall identify and verify the category of the origin of all procured raw material. Documents associated with each delivery of raw material shall include at least:

- (a) supplier identification,
- (b) quantity of delivery,
- (c) date of delivery / delivery period / accounting period,
- (d) category of the origin (including percentage of certified raw material if the percentage method is used by the supplier).

Note 1: The categories of the origin of raw material are specified either by (i) the relevant forest certification or labelling scheme if the chain of custody is implemented for the purposes of usage labels and/or declarations of the scheme or by (ii) the organisation itself if the chain of custody is implemented for the purposes of the organisation's own label and/or declaration.

Note 2: The percentage of the certified raw material shall also be known (according to bullet d) to the organisation applying the physical separation (e.g. trading) if the supplier is using the percentage based method.

### **2.2.2 Identification at supplier level**

The organisation shall require documentation from all suppliers of the certified raw material, which proves that the criteria set for the supplier of the certified raw material have been met.

Note: The criteria for suppliers of certified raw material are specified by (i) the relevant forest certification or labelling scheme if the chain of custody is implemented for the purposes of usage labels and/or declarations of the scheme or by (ii) the organisation itself if the chain of custody is implemented for the purposes of the organisation's own label and/or declaration.

### **2.3 Separation of the certified raw material**

Certified raw material shall remain clearly identifiable throughout the whole production / trading and storage process. This shall be achieved by:

- (a) physical separation in terms of production and storage space or
- (b) physical separation in terms of time or
- (c) permanent identification of the certified raw material.

### **2.4 Sale of certified products**

**2.4.1** At the point of sale or transfer of the certified products to another entity, the organisation shall provide the customer with a document verifying compliance with the chain of custody requirements.

Note: The criteria for the document verifying compliance with the chain of custody requirements are specified by (i) the relevant forest certification or labelling scheme if the chain of custody is implemented for the purposes of usage labels and/or declarations of the scheme or by (ii) the organisation itself if the chain of custody is implemented for the purposes of the organisation's own label and/or declaration.

**2.4.2** The organisation shall ensure that all delivery documentation of the certified products clearly states at least the following information:

- (a) organisation's identification,
- (b) quantity of delivery,
- (c) date of delivery / delivery period / accounting period,
- (d) category of the origin (including percentage of certified raw material if the percentage method was used by the supplier of the certified raw material).

Note: The categories of the origin of raw material are specified either by (i) the relevant forest certification or labelling scheme if the chain of custody is implemented for the purposes of usage labels and/or declarations of the scheme or by (ii) the organisation itself if the chain of custody is implemented for the purposes of the organisation's own label and/or declaration.

**2.4.3** If the organisation uses the logo or label, both on-product and off-product usage shall be carried out according to the terms and conditions of the contract for the logo usage entered into by the user and the owner of the logo's copyright or his / her authorised agent.

## **Section 3: Requirements for chain of custody process – percentage based method**

### **3.1 General requirements for percentage based methods**

#### **3.1.1 Application of percentage based method**

The percentage based method of the chain of custody applies to organisations, which production / trading processes certified raw material is mixed together with other raw material categories and the certified raw material cannot be clearly identified in the output products.

#### **3.1.2 Definition of the production batch**

**3.1.2.1** The organisation shall implement the requirements for the chain of custody process of this standard for the specific production batch.

**3.1.2.2** The organisation shall identify its production batch(es) based on the following criteria:

- (a) raw material included in the products covered by the production batch,
- (b) production site at which the products covered by the production batch has been produced,
- (c) the time period over which the products covered by the production batch has been produced or sold / transferred.

**3.1.2.3** The production batch shall be associated with (i) a single product or (ii) a group of products, which consist of the same or similar input raw material according to, for example species, sort, etc.

**3.1.2.4** The production batch shall be associated with products, which have been produced at one production site.

Note: This requirement is not applicable to organisations where the production site cannot be clearly identified, e.g. forest contractors, transportation, trade, etc.

**3.1.2.5** The maximum time period for the definition of the production batch is three months.

**3.1.2.6** The organisation shall identify all products (included in the production batch, which is covered by the chain of custody) by a batch identifier through which it is possible to determine the production batch to which the products belong.

Note: Physical on-product identification of the production batch is not required if the certification percentage is applied to sold / transferred products as the production batch identification is evident from the sale / delivery documents.

### **3.2 Identification of the origin**

#### **3.2.1 Identification at delivery level**

The organisation shall identify and verify the category of the origin of all procured raw material. Associated documents with each delivery of raw material shall include at least:

- (a) supplier identification,
- (b) quantity of delivery,
- (c) date of delivery / delivery period / accounting period,

- (d) category of the origin including percentage of certified raw material included in the certified product.

Note: The categories of the origin of raw material are specified either by (i) the relevant forest certification or labelling scheme if the chain of custody is implemented for the purposes of usage labels and/or declarations of the scheme or by (ii) the organisation itself if the chain of custody is implemented for the purposes of the organisation's own label and/or declaration.

### 3.2.2 Identification at supplier level

The organisation shall require from all suppliers of the certified raw material documentation, which proves that the criteria set for the supplier of the certified raw material have been met.

Note: The criteria for suppliers of certified raw material are specified by (i) the relevant forest certification or labelling scheme if the chain of custody is implemented for the purposes of usage labels and/or declarations of the scheme or by (ii) the organisation itself if the chain of custody is implemented for the purposes of the organisation's own label and/or declaration.

## 3.3 Calculation of the certified percentage

**3.3.1** The organisation shall calculate the certification percentage separately for each production batch according to the following formula:

$$P_c [\%] = \frac{V_c}{V_c + V_o} \cdot 100$$

**P<sub>c</sub>** Certification percentage

**V<sub>c</sub>** Certified raw material

**V<sub>o</sub>** Other raw material

Note 1: The categories of the origin of raw material included in the calculation formula are specified either by (i) the relevant forest certification or labelling scheme if the chain of custody is implemented for the purposes of usage labels and/or declarations of the scheme or by (ii) the organisation itself if the chain of custody is implemented for the purposes of the organisation's own label and/or declaration.

Note 2: A forest certification and/or labelling scheme or the organisation itself (see note 1) can define criteria for neutral raw material. Therefore, the total volume of the raw material is the sum of certified raw material, neutral raw material and other raw material. ( $V_t = V_c + V_o + V_n$ ; where  $V_t$  is total raw material and  $V_n$  neutral raw material).

**3.3.2** The organisation shall calculate the certification percentage based on a single measurement unit used for all raw material covered by the calculation. In case of conversion to the single measurement unit used for the calculation purposes, the organisation shall use only official conversion ratios and methods. If a suitable official conversion ratio does not exist, the organisation shall define and use a reasonable and credible internal conversion ratio.

**3.3.3** If the procured raw material includes only a proportion of certified raw material, then only the quantity corresponding to the actual certification percentage claimed by the supplier can enter the calculation formula as certified raw material. The rest of that raw material shall enter the calculation as other raw material.

**3.3.4** The organisation shall calculate the certification percentage either as:

- (a) simple percentage or
- (b) rolling average percentage.

**3.3.5** The organisation applying the simple certification percentage shall use in the calculation raw material included in the specific production batch for which the certification percentage is calculated. The maximum time for the calculation period in case of simple certification percentage is equivalent to the maximum time period defined for the production batch and shall not exceed three months.

**3.3.6** The organisation applying rolling average percentage shall calculate the certification percentage for the specific production batch using the quantity of raw material procured in the specified previous time period. The total maximum time for the rolling average calculation shall not exceed 12 months.

Note: The organisation which has chosen 12 months rolling average calculates the certification percentage from the quantity of raw material procured in the previous 12 months.

### **3.4 Transfer of the calculated percentage to the outputs**

#### **3.4.1 Average percentage method**

The organisation applying average percentage method shall use the certification percentage for all the products covered by the production batch for which the calculation has been carried out.

Note 1: No minimum threshold is set to use the average percentage method. However, an individual forest certification or labelling scheme can set up a minimum for usage of its label and / or declaration.

Note 2: If the certification percentage for the production batch is e.g. 54 % then all products covered by this production batch can be sold as certified products including 54 % percent of certified raw material.

#### **3.4.2 Volume credit method**

**3.4.2.1** The organisation applying volume credit method shall transfer the certification percentage into the volume credit in the single measurement unit of the output products of the production batch. The volume credit shall be distributed to the output products in a way that the certified products will be considered as including 100 % of certified raw material.

Note: If the certification percentage for the production batch consisting of 100 tonnes of output products is e.g. 54 % then 54 tonnes of the output products can be sold as certified products including 100 % of certified raw material.

**3.4.2.2** The organisation, which is not able to define (i) a single measurement unit for all output products of the production batch or (ii) which included in the production batch products with different ratios between input raw material volume and output product volume, shall transfer the certification percentage into volume credit separately for the products with different measurement unit or the input/output ratio.

**3.4.2.3** The organisation can cumulate the volume credit by creating a credit account, which can be used for the next production batches. The credit account shall be established respecting chapter 3.4.2.2.

**3.4.2.4** The total quantity of credits cumulated at the credit account cannot exceed the sum of credits entered into the credit account during the last twelve months.

### **3.5 Sale of products**

**3.5.1** When the organisation sells or transfers the certified products, the organisation shall provide the customer with a document verifying the compliance with the chain of custody requirements.

Note: The criteria for the document verifying the compliance with the chain of custody requirements are specified by (i) the relevant forest certification or labelling scheme if the chain of custody is implemented for the purposes of usage labels and/or declarations of the scheme or by (ii) the organisation itself if the chain of custody is implemented for the purposes of the organisation's own label and/or declaration.

**3.5.2** The organisation shall ensure that documentation for each delivery of the certified products clearly states at least the following information:

- (a) organisation's identification,
- (b) quantity of delivery,
- (c) date of delivery / delivery period / accounting period
- (d) category of the origin (including actual percentage of certified raw material included in the certified product)

**3.5.3** If the organisation uses the logo, both on-product and off-product usage shall be carried out according to the terms and conditions of the contract for the logo usage entered into by the user and the owner of the logo's copyright or his / her authorised agent.

### **3.6 Controversial sources**

**3.6.1** The organisation shall establish adequate measures to ensure that the certified products do not include raw material from controversial sources.

**3.6.2** The organisation shall require from all suppliers of the forest based raw material, which is not classified as certified raw material, at least a signed self-declaration that the supplied raw material does not originate from a controversial source. The organisation, which has signed contracts with its suppliers, shall include such a declaration in the contracts.

**3.6.3** The organisation shall evaluate the potential risk of procuring raw material from controversial sources and establish a sampling based programme of second or third party verification of the suppliers self-declarations if a high risk exists that raw material originates from controversial sources.

Note: The potential risk evaluation carried out by the organisation should be based on the regional / country level.

**3.6.4** The organisation procuring raw material originating from threatened and endangered species classified by CITES shall follow all the regulations defined by CITES and other international as well as national legislation.

## **Section 4: Minimum management system requirements**

### **4.1 General requirements**

The organisation shall operate a management system in accordance with the following elements of this standard, which ensure correct implementation, and maintenance of the chain of custody process. The management system shall be appropriate to the type, range and volume of work performed.

Note: An organisation's quality (ISO 9001:2000) or environmental (ISO 14001:1996) management system can be used to meet the minimum requirements for the management system defined in this standard.

### **4.2 Responsibilities and authorities**

#### **4.2.1 Management responsibilities**

**4.2.1.1** The organisation's top management shall define and document its commitment to implement and maintain the chain of custody requirements in accordance with this standard. The organisation's commitment shall be made available to the organisation's personnel, suppliers, customers, and other interested parties.

**4.2.1.2** The organisation's top management shall appoint a member of the management who, irrespective of other responsibilities, shall have overall responsibility and authority for the chain of custody.

**4.2.1.3** The organisation's top management of the organisation shall carry out a regular periodic review of the organisation's chain of custody and its compliance with the requirements of this standard.

#### **4.2.2 Responsibilities and authorities for chain of custody**

The organisation shall identify personnel performing work effecting the implementation and maintenance of chain of custody and establish and set responsibilities and authorities relating to chain of custody process:

- (a) raw material procurement and identification of the origin,
- (b) product processing covering physical separation or percentage calculation and transfer into output products,
- (c) product sale and labelling,
- (d) record keeping,
- (e) internal audits and non-conformity control.

Note: The responsibilities and authorities for the chain of custody given above can be cumulated.

### **4.3 Documented procedures**

The organisation's procedures for the chain of custody shall be documented. The chain of custody documentation shall include at least the following elements:

- (a) description of the raw material flow within the production process,
- (b) organisation structure, responsibilities and authorities relating to chain of custody,
- (c) procedures for chain of custody process covering all requirements of this standard.

#### **4.4 Record keeping**

**4.4.1** The organisation shall establish and maintain records to provide evidence of conformity with the requirements and its effectiveness and efficiency. The organisation shall keep at least the following records:

- (a) records of all suppliers of forest based raw material including information which confirms that the requirements at the supplier level are met,
- (b) records of all purchased forest based raw material including information on its origin,
- (c) records of all forest based products sold and their claimed origin,
- (d) records of internal audits, non-conformities which occurred and corrective actions taken.

**4.4.2** The organisation shall maintain the records for a minimum period of five years.

#### **4.5 Resource management**

##### **4.5.1 Human resources / personnel**

The organisation shall ensure that all personnel performing work affecting the implementation and maintenance of the chain of custody shall be competent on the basis of appropriate training, education, skills and experience.

##### **4.5.2 Technical facilities**

The organisation shall identify, provide and maintain the infrastructure and technical facilities needed for effective implementation and maintenance of the organisation's chain of custody with the requirements of this standard.

#### **4.6 Inspection and control**

**4.6.1** The organisation shall conduct internal audits at intervals of at least one year covering all requirements of this standard and establish corrective and preventive measures if required.

**4.6.2** The report from the internal audit shall be reviewed by the organisation's top management at least annually.

## **Appendix 1: PEFC Council specification for the origin for the purposes of PEFC label and declarations**

**(Normative for an organisation using PEFC label and declarations)**

### **Introduction**

The definition of the origin defined by this Appendix shall be used together with the requirements of this standard when the organisation establishes a chain of custody to use the PEFC logo and/or declarations.

The Appendix was amended by the PEFC Council General Assembly on 27<sup>th</sup> October 2006.

### **Certified raw material (Vc):**

Includes wood based raw material sold as “PEFC certified”:

- (a) by the supplier with a valid forest management certificate issued by a PEFC notified accredited certification/registration body as being in a compliance with the requirements of a forest certification scheme which has been endorsed by the PEFC Council
- (b) by the supplier with a document confirming participation in a region or group with a valid forest management certificate as specified in (a),
- (c) by the supplier with the valid chain of custody certificate issued by a PEFC notified accredited certification / registration body as being in compliance with this chain of custody standard used together with this PEFC Council definition of the raw material origin or other PEFC Council recognised definition of the origin,
- (d) by the supplier with a document confirming participation in multisite organisation with valid chain of custody certificate as specified in (c),
- (e) by the supplier without a chain of custody certificate which is passing on a raw material / product in the original packaging, which (s)he has received from her / his supplier where the certified status can be verified according to bullets (a), (b), (c) or (d). In this case the on-product information shall include an identification of the original certified supplier and certified status.

Note: PEFC Council’s requirements for PEFC notified accredited certification/registration bodies are specified in Annex 6 of the PEFC Council Technical Document. The accredited certificates shall include accreditation symbol of the relevant accreditation body.

### **Neutral raw material (Vn):**

Non-wood based raw material (e.g. agricultural fibre and rags), starch, pigments and wood harvested from housing areas (urban wood).

Recycled wood and recycled fibres (post-consumers wood and fibres).

### **Other raw material (Vo):**

Wood based raw material other than that specified under the certified and neutral raw material.

## Appendix 2: Implementation of Chain of Custody within ISO 9001:2000

### (Informative)

The organisation can implement the chain of custody requirements specified in this standard within the organisation's quality management system established according to ISO 9001:2000.

The integration of the chain of custody requirements of this standard into a quality management system defined by ISO 9001:2000 is shown in this table:

Standard requirements	ISO 9001:2000
<b>Section 2: Requirements for chain of custody process – physical separation method</b>	7
<b>Section 3: Requirements for chain of custody process – percentage based method</b>	7
<b>Section 4: Minimum management system requirements</b>	
<b>4.2 Responsibilities and authorities</b>	
4.2.1 Management responsibilities	5.5.2
4.2.2 Responsibilities and authorities	5.5.1
<b>4.3 Documented procedures</b>	4.2.1, 4.2.3
<b>4.4 Record keeping</b>	4.2.4
<b>4.5 Resource management</b>	
4.5.1 Human resources / personnel	6.2
4.5.2 Technical facilities	6.3
<b>4.6 Inspection and control</b>	8.2.2, 8.3, 8.5.2, 8.5.3

### Appendix 3: Implementation of Chain of Custody within ISO 14001:1996

#### (Informative)

The organisation can implement the chain of custody requirements specified in this standard within the organisation's environmental management system established according to ISO 14001:1996.

The integration of the chain of custody requirements of this standard into the organisation's environmental management system defined by ISO 14001:1996 is shown in this table:

Standard requirements	ISO 14001:1996
<b>Section 2: Requirements for chain of custody process – physical separation method</b>	4.4.6
<b>Section 3: Requirements for chain of custody process – percentage based method</b>	4.4.6
<b>Section 4: Minimum management system requirements</b>	
<b>4.2 Responsibilities and authorities</b>	
4.2.1 Management responsibilities	4.4.1
4.2.2 Responsibilities and authorities	4.4.1
<b>4.3 Documented procedures</b>	4.4.4, 4.4.5
<b>4.4 Record keeping</b>	4.5.3
<b>4.5 Resource management</b>	
4.5.1 Human resources / personnel	4.4.1, 4.4.2
4.5.2 Technical facilities	4.4.1
<b>4.6 Inspection and control</b>	4.5.2, 4.5.2, 4.5.4

## **Appendix 4: Implementation of the chain of custody standard in multi-site organisations**

**(Normative)**

### **Introduction**

The aim of this appendix is to establish guidance for the implementation of the chain of custody requirements in an organisation with a network of sites, thus ensuring on the one hand, that the certification / registration of the chain of custody is practical and feasible in economic and operative terms and on the other, that the assessment provides adequate confidence in the conformity of the chain of custody. A multi-site approach also allows implementation and certification of the chain of custody in a group of typically small independent companies.

This appendix includes only requirements applicable for the multisite organisation to implement the chain of custody requirements of this standard. Requirements and guidance for the certification / registration bodies for the assessment and certification of a multisite organisation are described in the IAF Guidance on the Application of ISO / IEC Guide 62:1996 and IAF Guidance on the Application of ISO / IEC Guide 66:1996.

### **Definitions**

A multisite organisation is defined as an organisation having an identified central function (normally, and hereafter referred to as a “central office”) at which certain activities are planned, controlled and managed and a network of local offices or branches (sites) at which such activities are fully or partially carried out.

Such an organisation does not need to be a unique entity, but all sites shall have a legal or contractual link with the central office of the organisation and be subject to a common chain of custody which is subject to continuous surveillance by the central office. This means that the central office has the right to implement corrective actions when needed at any site. Where applicable this should be laid down in the contract between the central office and the sites.

Examples of possible multisite organisations are:

- (a) organisations operating with franchises,
- (b) companies with multiple branches,
- (c) a group of legally independent companies.

Note: group of legally independent companies means a network of typically small independent enterprises associated together for the purpose of obtaining and maintaining chain of custody certification for the whole group. The central office may be an appropriate trade association, or any other properly experienced legal entity that is either nominated for the purpose by a group of intending members or offers a group service managed for the purposes of and consistently with this standard. The central office can also be administered by one member of the group.

### **Eligibility criteria for the multisite organisation**

The organisation's chain of custody shall be centrally administered and be subject to central review. All the relevant sites (including the central administration function) shall be subject to the organisation's internal audit program and shall have been audited in accordance with that program prior to the certification / registration body starting its assessment.

It shall be demonstrated that the central office of the organisation has established a chain of custody in accordance with this standard and that the whole organisation (including all the sites) meets the requirements of the standard.

The organisation shall be able to demonstrate its ability to collect and analyse data from all sites including the central office authority and ability to initiate change in the chain of custody operating in the sites if required.

### **Function and responsibilities of the central office**

#### **The central office of the multisite organisation shall:**

- (a) provide a commitment on behalf of the whole multisite organisation to establish and maintain a chain of custody in accordance with the requirements of this standard,
- (b) provide all the sites with information and guidance needed for effective implementation and maintenance of the chain of custody in accordance with this standard,
- (c) provide organisational or contractual connection with all sites covered by the multi-site organisation including commitments by the sites to implement and maintain the chain of custody in accordance with this standard. The contract shall also include the right of the central office to exclude any site from participation in the chain of custody of the multisite organisation in case of serious non-conformities with this standard,
- (d) keep a register of all the sites of the multisite organisation,
- (e) operate an internal audit programme, and audit all the relevant sites (including its own central administration function) in accordance with that programme, prior to the independent certification / registration body starting its assessment,
- (f) operate a review of the conformity of sites based on results of internal audits; establish corrective and preventive measures if required and evaluate the effectiveness of corrective actions taken.

### **Function and responsibilities of sites**

Sites connected to a multisite organisation shall be responsible for :

- implementation and maintenance of the chain of custody requirements in accordance with this standard,
- responding effectively to all requests from the central office or certification / registration body for relevant data, documentation or other information whether in connection with formal audits or reviews or otherwise,

- providing full co-operation and assistance in respect of the satisfactory completion of internal audits, reviews, relevant routine enquiries or corrective actions,
- implementation of relevant corrective and preventive actions established by the central office.

**Scope of responsibilities for requirements of this standard implemented in multisite organisation**

<b>Standard requirements</b>	<b>Central office</b>	<b>Site</b>
<b>Section 2: Requirements for chain of custody process – physical separation method</b>		Yes
<b>Section 3: Requirements for chain of custody process – percentage based method</b>		Yes
<b>Section 4: Minimum management system requirements</b>		
<b>4.2 Responsibilities and authorities</b>	Yes	Yes
4.2.1 Management responsibilities	Yes	Yes
4.2.2 Responsibilities and authorities	No (except d and e)	Yes
<b>4.3 Documented procedures</b>	No (except b)	Yes
<b>4.4 Record keeping</b>	No (except d)	Yes
<b>4.5 Resource management</b>	Yes (only for activities provided)	
4.5.1 Human resources / personnel		Yes
4.5.2 Technical facilities		
<b>4.6 Inspection and control</b>	Yes	Yes

## Appendix 5: Calculation of the certification percentage

### (Informative)

Note: Chapters in this appendix follow the numbering of the main part of this international standard

#### Chapter 3.1.2.3: Definition of the production batch

The organisation shall identify production batch(es) for which the certification percentage is calculated. The production batch shall be identified for specific products or groups of products. The organisation can include in one production batch only products which consist of the same raw material.

Table 1: Example of chain of custody production batch definition

Output products	Input raw material	Chain of custody production batch
Spruce sawnwood A	Spruce sawlogs	Spruce products
Spruce sawnwood B		
Spruce sawnwood C		
Spruce chips		
Pine sawnwood A	Pine sawlogs	Pine products
Pine sawnwood B		
Pine sawnwood C		
Pine chips		
Pine / Spruce sawdust	Spruce / Pine sawlogs	Spruce / Pine products
Pine / Spruce bark		

#### Chapter 3.3: Calculation of the certification percentage

The company can use two methods for calculation of the certification percentage (simple percentage or rolling average percentage):

##### Chapter 3.3.5: Simple percentage

The certification percentage for the specific production batch is calculated from the material included in the specific production batch. Therefore the organisation applying this method shall calculate the certification percentage (i.e. to know the total volume of certified and other raw material) before any product of the production batch is sold or transferred.

##### Chapter 3.3.6: Rolling average percentage

The rolling average percentage is obtained by using the quantity of raw material procured in the specified previous period.

As a maximum, the rolling average can be applied over the last 12 months.

### Example of the 3 months rolling average:

The certification percentage for the production batch is calculated from volumes of certified and other raw material procured during the last 3 months period.

Note: When the organisation starts the chain of custody and the time period used in rolling average calculation is longer than the time period the chain of custody has been in place, the calculation of the rolling average is carried out from the volumes procured since the chain of custody was established. An example is given in table 2: The first rolling average (month 1) is calculated only from volumes procured in month 1, the second rolling average (month 2) is calculated only from volumes procured in months 1 and 2.

Table 2: Example of 3 months rolling average

1	2	3	4	5	6	7	8	9
No of the 1 month calcul. period	Volume of certified raw material procured (tonnes) *	Volume of other raw material (tonnes) *	Sum of volumes of certified raw material for previous 3 months (tonnes)	Sum of volumes of other raw material for previous 3 months (tonnes)	3-months rolling average percentage	Total output volume of the prod. batch (tonnes) *	Volume of certified products ( % of certified raw material claimed in the certified product) (tonnes)	
							Average percentage method	Volume credit method
j=i	Vc	Vo	Vc(3)	Vo(3)	Pc(3)	Vpb	Vcp (Vc%)	Vcp (Vc%)
			$Vc(3)=\sum_{j=i}^{i-2} Vc_j$	$Vo(3)=\sum_{j=i}^{i-2} Vo_j$	$Pc=\frac{Vc(3)}{Vc(3)+Vo(3)}$		$Vcp_i = Vpb_i$ Claimed %=Pc <sub>i-1</sub>	$Vcp_i = Vpb_i * Pc_{i-1}$ Claimed %=100%
1	11	90	11	90	10,89%	70,7		
2	12	90	23	180	11,33%	71,4	71,4 (10,89%)	7,78 (100 %)
3	13	90	36	270	11,76%	72,1	72,1 (11,33%)	8,17 (100 %)
4	14	90	39	270	12,62%	72,8	72,8 (11,76%)	8,56 (100 %)
5	15	90	42	270	13,46%	73,5	73,5 (12,62%)	9,28 (100 %)
6	16	90	45	270	14,29%	74,2	74,2 (13,46%)	9,99 (100 %)
7	17	90	48	270	15,09%	74,9	74,9 (14,29%)	10,70 (100 %)
8	18	90	51	270	15,89%	75,6	75,6 (15,09%)	11,41 (100 %)
9	19	90	54	270	16,67%	76,3	76,3 (15,89%)	12,12 (100 %)
10	20	90	57	270	17,43%	77	77 (16,67%)	12,84 (100 %)
11	21	90	60	270	18,18%	77,7	77,7 (17,43%)	13,54 (100 %)
Continues								

\* The volume figures given in the table above are only examples

Example of calculation given in table 2:

- [column 4] Volume of certified raw material is calculated as sum of volumes of certified raw material procured in the previous 3 months.

$$Vc(3)_6 = Vc_6 + Vc_5 + Vc_4; Vc(3)_6 = 16 + 15 + 14 = \mathbf{45} \text{ [tonnes]}$$

- [column 5] Volume of other raw material is calculated as sum of volumes of other raw material procured in the previous 3 months.

$$Vo(3)_6 = Vo_6 + Vo_5 + Vo_4; Vo(3)_6 = 90 + 90 + 90 = \mathbf{270} \text{ [tonnes]}$$

- [column 6] The rolling average percentage is calculated according to the formula of chapter 3.3.1:  $Pc = Vc / [Vc + Vo]$

$$Pc_6 = 100 * Vc(3)_6 / [Vc(3)_6 + Vo(3)_6]; Pc_6 = 100 * 45 / [45 + 270] = \mathbf{14,29 \%}$$

- [column 8] The volume of certified products using the average percentage method for the production batch of the seventh month (7) is calculated from the volume produced / sold in the seventh month (7) and the last rolling average percentage (calculated in the sixth month). The total volume of the certified products is equal to total volume of the production batch ( $Vcp_7 = Vpb_7$ ). Percentage of the certified raw material claimed in the certified products is equal to the last calculated rolling average (Claimed % =  $Pc_6$  [%])

$V_{cp} = 74,9$  tonnes, Claimed % = **14,29 [%]**

The organisation can sell 74,9 tonnes as certified products which include 14,29 % of certified raw material.

Note 1: The production batch period does not need to be equal to the calculation period as long as it does not exceed the length of the calculation period.

Note2: The organisation can label the certified products if the content (percentage) of included raw material exceeds a minimum threshold defined by the certification and/ or labelling scheme providing the label.

- [column 9] The volume of certified products using the volume credit method for the production batch of the seventh month (7) is calculated from the volume produced / sold in the seventh month (7) and the last rolling average percentage (calculated in the sixth month). The volume of the certified products of the production batch equals the total volume of the production batch by the last calculated rolling average ( $V_{cp7} = V_{pb7} * P_{c6}$ ). The percentage of the certified raw material claimed in the certified products always equals 100 %.

$V_{cp} = 74,9 * 0.1429 = 10,70$  tonnes, Claimed % = **100 [%]**

### **Chapter 3.4: Transfer of the certification percentage to the outputs**

The certification percentage shall be calculated for the production batch and also distributed to the products of the production batch. The production batch is defined by its content (products included) and also by the time period during which the products are produced or sold. The maximum time period for the production batch is three months.

The example of average percentage method and volume credit method for an one month production batch are shown in table 2, column 8 and 9.

#### **Chapter 3.4.2.2: Volume credit system**

If the organisation is using the volume credit system for a production batch consisting of more products and (i) is not able to define a single measurement unit for all the products included in the production batch or (ii) the products have different ratios between input raw material volume and output products volume then the transfer of the certification percentage into the volume credit shall be done separately for each product(s) of the production batch with different measurement units or input/output ratios.

Table 3 shows a situation where the organisation included in the production batch, five types of products (pulp, paper A, paper B, paper C, paper D). Input / output volume ratios differ between pulp and paper A-D and therefore the transfer of the certification percentage into the volume credit shall be done separately for pulp product and paper products. Distribution of the volume credit amongst the different paper products is decided by the organisation depending on customers' demands for certified products.

Table 3: Example of the distribution of certification percentage – volume credit

Content of the production batch (ratio input / output volume)	Certification percentage	Output volume of the production batch	Certified volume credit	Distribution of the volume credit within the production batch * <sup>1</sup>
Pulp (0.3)	55 %	100 t	55 t	55 t
Paper A (0.25)		100 t	220 t	100 t
Paper B (0.25)		100 t		70 t
Paper C (0.25)		100 t		50 t
Paper D (0.25)		100 t		0 t

\*<sup>1</sup> Distribution of the certified raw material amongst the paper products A-D is decided by the organisation itself.

### Chapter 3.4.2.3 – 3.4.2.4 Volume credit accumulation

The organisation can establish a volume credit account for the product group covered by the specific production batch or for specific products of the production batch if 3.4.2.4 applies.

Table 4: example of volume credit accumulation (in tonnes)

1	2	3	4	5
Number of 1 month's production batch	Credit volume for the production batch	Credit account	Maximum credit account	Used credits
i		$= [3]_{i-1} - [5]_{i-1} + [2]_i$ condition: $[3]_i \leq [4]_i$	$\sum_i^{i-11} [2]$	
1	0	0	0	0
2	7,78	7,78	7,78	0
3	8,17	15,95	15,95	0
4	8,56	24,51	24,51	0
5	9,28	33,79	33,79	0
6	9,99	43,78	43,78	0
7	10,7	54,48	54,48	0
8	11,41	65,89	65,89	0
9	12,12	78,01	78,01	0
10	12,84	90,85	90,85	0
11	13,54	104,39	104,39	0
12	16,32	120,71	120,71	0
13	15,33	136,04	136,04	0
14	16,54	144,8	144,8	5
15	8,05	144,68	144,68	10
17	8,05	142,73	144,17	50
18	23,41	116,14	158,3	50

Example of calculation given in table 4 for the production batch of month 15:

- [column 2] Includes volume credit calculated for 1 month production batch. (Values for months 1-11 are taken from table 2).
- [column 3] Credit account is calculated as a result of the credit account in the previous month [column 3, month 14] minus volume credits used in the previous month [column 5, month 14] plus volume credit calculated for the current month [column 2, month 15].

$$[3]_{14} - [5]_{14} + [2]_{15} = 144,8 - 5 + 8,05 = 147,85 \text{ [tonnes]}$$

Total quantity accumulated in the credit account cannot exceed volume credits entered into the volume credit in the previous twelve months [column 4 = 144,68] (chapter 3.4.2.4)

147,85 > 144,68, therefore credit account is **144,68 [tonnes]**

- [column 4] Maximum credit account is calculated as a sum of volume credits entered into the credit account during the last twelve months [column 2, month 4-15].

$$\begin{aligned} [4] &= [2]_4 + [2]_5 + [2]_6 + [2]_7 + [2]_8 + [2]_9 + [2]_{10} + [2]_{11} + [2]_{12} + [2]_{13} + [2]_{14} + [2]_{15} = \\ &= 8,56+9,28+9,99+10,7+11,41+12,12+12,84+13,54+16,32+15,33+16,54+8,05 = \\ &= \mathbf{144,68 \text{ [tonnes]}} \end{aligned}$$

## **Appendix 6: Specification of the origin for the purposes of PEFC label and declarations covering recycled raw material**

**(Normative for organisation wishing to make PEFC claims covering recycled raw material)**

### **1 Introduction**

The definition of the origin defined by this Appendix shall be used together with the requirements of this standard when the organisation establishes a chain of custody to use the PEFC logo and/or declarations covering recycled raw material.

The Appendix was amended by the PEFC Council General Assembly on 27 October 2006.

The organisation shall calculate and communicate separately information on:

- content of PEFC certified wood based raw material (chapter 2),
- content of recycled raw material (chapter 3).

### **2 Declarations on PEFC certified wood based raw material**

#### **2.1 Certified raw material (Vc)**

- (i) wood based raw material sold as “PEFC certified”:
- (a) by the supplier with the valid forest management certificate issued by a PEFC notified accredited certification body as being in the compliance with the requirements of the forest certification scheme which has been endorsed by the PEFC Council
  - (b) by the supplier with the document confirming participation in a region or group with a valid forest management certificate as specified in (a),
  - (c) by the supplier with the valid chain of custody certificate issued by a PEFC notified accredited certification body as being in compliance with this chain of custody standard used together with this PEFC Council definition of the raw material origin or other PEFC Council recognised definition of the origin,
  - (d) by the supplier with a document confirming participation in multisite organisation with valid chain of custody certificate as specified in (c),
  - (e) by the supplier without a chain of custody certificate which is passing on a raw material / product in the original packaging, which (s)he has received from his /her supplier where the certified status can be verified according to bullets (a), (b), (c) or (d). In this case the on-product information shall include an identification of the original certified supplier and certified status.

Note: PEFC Council’s requirements for PEFC notified accredited certification/registration bodies are specified in Annex 6 of the PEFC Council Technical Document. The accredited certificates shall include accreditation symbol of the relevant accreditation body

#### **2.2 Neutral raw material**

Non wood based raw material (e.g. agricultural fibre and rags), starch, pigments and wood harvested from housing areas (urban wood).

### 2.3 Other raw material (Vo)

Wood based raw material other than specified under the certified and neutral raw material in chapter 2.1 and 2.2.

## 3 Declarations on recycled raw material (“PEFC recycled” raw material)

### 3.1 Certified raw material (Vc)

(i) Post-consumer wood raw material and fibres procured directly from recycling facilities or collection centres:

- (a) where non-chemical contaminants are absent,
- (b) whose chemical characterisation is known and complies with existing regulations for chemical contamination when and where they apply.

Note 1: The absence of non-chemical contaminants such as soil, concrete, slate, stones, textile, plastic, rubber or metal is ensured by: (1) avoiding of collecting the non-chemical contaminants, (2) visual control and removal of the non-chemical contaminants on the entry of waste pre-processors centres and (3) visual control and removal of the non-chemical contaminants on the entry of reclaimed raw material processors (wood based panels units, pulp mills, etc.). National specification, when and where they apply, shall be used for the determination of the relevant amount of non-chemical contaminants (e.g. UK specification document PAS 104 published by British Standards Institution, BSI - 2004).

Note 2: As the technology is still being developed to allow post consumer wood raw material users to carry out practical testing to detect low levels of chemical contamination, the post-consumer reclaimed raw material shall be tested for the chemical contamination using the available and cost effective methods.

The limit values of chemical contamination shall comply with existing regulations. Other specifications for chemical contamination of post-consumer raw material shall be considered if available and applicable (e.g. European Panel Federation standard on the use of recycled wood in wood-based panels).

(ii) Wood based raw material sold as “PEFC recycled”:

- (a) by the supplier with the valid chain of custody certificate issued by a PEFC notified accredited certification body as being in compliance with this chain of custody standard used together with this PEFC Council definition of the raw material origin or other PEFC Council recognised definition of the origin,
- (b) by the supplier with a document confirming participation in multisite organisation with valid chain of custody certificate as specified in (a),
- (c) by the supplier without a chain of custody certificate which is passing on a raw material / product in the original packaging, which (s)he has received from his /her supplier where the certified status can be verified according to bullets (a), (b). In this case the on-product information shall include an identification of the original certified supplier and certified status.

Note: PEFC Council’s requirements for PEFC notified accredited certification/registration bodies are specified in Annex 6 of the PEFC Council Technical Document. The accredited certificates shall include accreditation symbol of the relevant accreditation body.

### 3.2 Neutral raw material

Neutral raw material includes:

- (i) Non wood based raw material (e.g. agricultural fibre and rags), starch, pigments and wood harvested from housing areas (urban wood).

### **3.3 Other raw material (Vo)**

Wood based raw material other than specified under the certified and neutral raw material in chapters 3.1 and 3.2.

### **4 Usage of chain of custody methods**

For the purposes of declarations based on the definition of the origin of this Appendix, the organisation can use the following chain of custody methods:

- (i) physical separation (Section 2 of the chain of custody standard),
- (ii) percentage based – average percentage method - (Section 3 of the chain of custody standard, excluding chapter 3.4.2).

## **Appendix 7: Implementation of requirements for the avoidance of the procurement of raw material from controversial sources**

Normative

### **1. Objective and Scope**

The objective of this document is to provide requirements which detail those of chapter 3.6.2 of this standard, relating to the avoidance of procurement of raw material from controversial sources.

Note 1: The term controversial sources is defined in chapter 1.3.4 of this standard.

Note 2: Although the document has been developed for the purposes of avoidance of procuring raw material from controversial sources as defined by the PEFC Council, the basic concept of suppliers' self-declaration, risk analysis and 2<sup>nd</sup> or 3<sup>rd</sup> party verification programme could also be utilised for other issues identified by the organisation, outside the scope of the PEFC definition.

The document was approved by the PEFC Council General Assembly on 27 October 2006 as an integral part of Annex 4 and becomes effective as of 1 May 2007.

### **2. Self-declaration of suppliers**

2.1 The organisation shall require from all suppliers of forest based products, which do not include raw material classified as certified raw material, a signed self-declaration that the supplied raw material does not originate from a controversial source.

Note: Suppliers of certified products using a percentage based method, which includes both certified and uncertified raw material, are excluded from the requirement of the self-declaration because the controversial sources issue of the uncertified raw material has already been verified by the supplier's chain of custody.

2.2 The supplier's self-declaration shall include:

- (a) a written statement that to the best of the supplier's knowledge the supplied raw material does not originate from controversial sources,
- (b) a written commitment to provide information on the geographical origin (country / region) of the supplied raw material which is necessary information for the organisation's risk assessment,
- (c) a written commitment that, in a case where the supplier's supplies are considered as "high" risk, the supplier will provide the organisation with necessary information to identify the forest management unit(s) of the origin of the raw material origin and the whole supply chain relating to the "high" risk supply.
- (d) a written commitment, where the supplier's supplies are considered as "high" risk, the supplier will enable the organisation to carry out a second party or a third party inspection of the supplier's operation as well as operations of the previous suppliers in the chain.

Note: The term "region" used throughout the document refers to a sub-national level.

2.3 Where the organisation has signed contracts with its suppliers, it shall include the requirements of chapter 2.2 in the contract documentation.

### 3. Risk assessment

3.1 The organisation shall carry out the risk assessment of procuring raw material from controversial sources for all supplies of forest based products which do not include raw material classified as certified raw material.

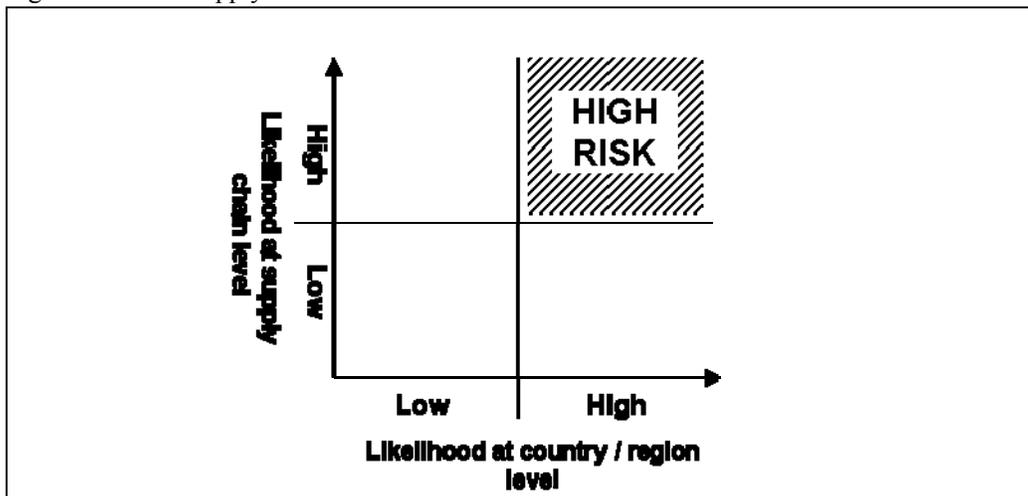
3.2 The organisation's risk assessment shall result in the classification of supplies into the "low" or "high" risk category.

3.3 The organisation's risk assessment shall be carried out based on an evaluation of:

- (a) the likelihood that activities defined under the term controversial sources happen in the country / region of the supply (hereinafter referred to as the likelihood at country / region level) and;
- (b) the likelihood that the supply chain has not been able to identify a potential controversial source of supply (hereinafter referred to as the likelihood at the supply chain level).

3.4 The organisation shall determine the risk, based on the combination of the likelihood at country / region level and the likelihood at the supply chain level and classify all supplies as "high" risk where both the likelihood at the country / region level and the likelihood at the supply chain are assessed as "high" (See Diagram 1).

Diagram 1: Determination of "high" risk supplies by combination of likelihood at country / region level and supply chain level



3.5 The organisation shall classify the likelihood at country / region level as “high” for all supplies where any of the following indicators in Table 1 apply.

Table 1: List of indicators for “high” likelihood at country / region level

Indicators	Examples of external reference sources)
The country / region is covered by a UN Security Council ban on timber exports.	Currently applied to Liberia since July 2003 (UN Security Council resolution 1521 (2003) <a href="http://www.un.org/docs/sc/unsc_resolutions03.html">http://www.un.org/docs/sc/unsc_resolutions03.html</a>
The country / region is known as a country with low level of forest law enforcement and high level of corruption.	In defining this indicator, the organisation can use its internal surveys or results of surveys of external governmental or non-governmental organisations active in monitoring forest law enforcement and corruption such as the World Bank ( <a href="http://info.worldbank.org/governance/kkz2004/sc_country.asp">http://info.worldbank.org/governance/kkz2004/sc_country.asp</a> ), the UK based Chatham House, ( <a href="http://www.illegal-logging.info">www.illegal-logging.info</a> ), Environmental Investigation Agency ( <a href="http://www.eia-international.org">www.eia-international.org</a> ), Global Witness ( <a href="http://www.globalwitness.org">www.globalwitness.org</a> ), Transparency International ( <a href="http://www.transparency.org">www.transparency.org</a> ), etc.
The country is one where official FAO statistics show a decrease in forest area	FAO Global Forest Resources Assessment 2005 ( <a href="ftp://ftp.fao.org/docrep/fao/008/A0400E/A0400E14.pdf">ftp://ftp.fao.org/docrep/fao/008/A0400E/A0400E14.pdf</a> )
The organisation has received comments supported by reliable evidence from their customers or other external parties, relating to its supplies with respect to controversial sources, which have not been disproved by the organisation’s own investigation.	

3.6 The organisation shall classify as "high" the likelihood at the supply chain level for all supplies where **none** of the indicators in Table 2 (below) apply.

Table 2: List of indicators for "low" likelihood at supply chain level

Indicators	Evidence and / or reference to external sources
Supplies declared as certified against a forest certification scheme (other than PEFC endorsed) supported by a forest management or chain of custody certificate issued by a third party certification body.	<p>The organisation shall be able to provide evidence that the certification scheme includes:</p> <ul style="list-style-type: none"> <li>- third party certification of forest management which covers activities defined by the term controversial sources,</li> <li>- third party certification of chain of custody,</li> <li>- a verification mechanism that non-certified raw material does not originate from controversial sources where percentage based claims apply.</li> </ul> <p>Examples of PEFC non-endorsed forest certification schemes: Forest Stewardship Council, etc.</p>
Supplies verified by governmental or non-governmental verification or licensing mechanisms other than forest certification schemes focused on activities covered by the term controversial sources.	<p>The organisation shall be able to provide evidence on the scope of the verification or licensing mechanism.</p> <p>Examples of verification and licensing mechanisms: EU FLEGT  <a href="http://ec.europa.eu/comm/development/body/theme/forest/initiative/index_en.htm">http://ec.europa.eu/comm/development/body/theme/forest/initiative/index_en.htm</a></p> <p>Tropical Forest Trust  <a href="http://www.tropicalforesttrust.com">www.tropicalforesttrust.com</a>),</p>
Supplies supported by verifiable documentation which clearly identifies all suppliers within the supply chain, forest management unit of the supply origin and provides sufficient evidence on compliance with legal requirements.	<p>Evidence on compliance with legal requirements can be a statement from the law enforcement authority on legal compliance or absence of non-compliance, harvest permit issued or forest management plan approved by the relevant law enforcement authority.</p>

#### 4. Second or third party verification programme

##### 4.1 General

4.1.1 The organisation shall establish a second or third party verification programme for supplies classified as "high" risk. The verification programme shall cover:

- (a) identification of the whole supply chain and forest management unit(s) of the supply's origin;
- (b) on-site inspection and
- (c) corrective and preventive measures.

## 4.2 Identification of the supply chain

4.2.1 The organisation shall require, from all suppliers of “high” risk supplies, detailed information on the whole supply chain and forest management unit(s) of the supply’s origin. The information submitted shall allow the organisation to plan and execute on-site inspections.

## 4.3 On-site inspections

4.3.1 The organisation’s verification programme shall include on-site inspections of suppliers delivering “high risk” supplies. The on-site inspections can be carried out by the organisation itself (second party inspection) or by a third party on behalf of the organisation.

4.3.2 The organisation shall determine a sample to be taken of suppliers for annual on-site inspections. The size of the sample should be at least the square root of the number of direct suppliers of “high” risk supplies: ( $y=\sqrt{x}$ ), rounded to the nearest whole number. Where the previous on-site inspections proved to be effective in fulfilling the objective of this document, the size of the sample may be reduced by a factor of 0.8, i.e.: ( $y=0.8 \sqrt{x}$ ), rounded up to the next whole number.

4.3.3 The on-site inspections shall cover:

- (a) the direct supplier and all previous suppliers in the supply chain in order to assess compliance with the supplier claims on the origin of the raw material and;
- (b) the forest owner / manager of the forest management unit of the supply origin or any other party responsible for management activities on that forest management unit in order to assess their compliance with legal requirements.

## 4.4 Corrective and preventive measures

4.4.1 The organisation shall define written procedures for implementing corrective measures for non-compliance for suppliers identified by the organisation’s verification programme.

4.4.2 The range of corrective measures shall be based on the scale and seriousness of the non-compliance and should include the following:

- (a) communication of the non-compliance with a request for improvements;
- (b) requiring suppliers to define corrective measures relating to forest management unit’s compliance with legal requirements or efficiency of the information flow in the supply chain;
- (c) cancellation of use of the supplier’s supplies.

4.4.3 The organisation shall cancel the supply from those suppliers which have not provided a self-declaration as required by Chapter 2 or have not provided information on the supply chain as required by chapter 4.2.

## **Appendix 8: PEFC Council specification for the origin for the purposes of PEFC label and declarations for non wood forest products**

**(Normative for an organisation using PEFC label and declarations on non wood forest products)**

### **Introduction**

The definition of the origin defined by this Appendix shall be used together with the requirements of this standard when the organisation establishes a chain of custody for the certification of non wood forest products in order to use the PEFC logo and/or declarations on **non wood forest products**.

The appendix was approved by the PEFC Council General Assembly on 27 October 2006.

### **Certified raw material (Vc):**

Includes non wood based forest raw material sold as “PEFC certified”:

- (a) by the supplier with a valid forest management certificate issued by an PEFC notified accredited certification/registration body as being in a compliance with the requirements of a forest certification scheme which has been endorsed by the PEFC Council
- (b) by the supplier with a document confirming participation in a region or group with a valid forest management certificate as specified in (a),
- (c) by the supplier with the valid chain of custody certificate issued by the PEFC notified accredited certification/registration body as being in compliance with this chain of custody standard used together with this PEFC Council definition of the non wood raw material origin or other PEFC Council recognised definition of the origin covering non wood raw material,
- (d) by the supplier with a document confirming participation in a multisite organisation with a valid chain of custody certificate as specified in (c),
- (e) by the supplier without a chain of custody certificate who is passing on a raw material / product in the original packaging, which (s)he has received from her / his supplier where the certified status can be verified according to bullets (a), (b), (c) or (d) above. In this case the on-product information shall include an identification of the original certified supplier and the certified status.

Note: PEFC Council’s requirements for PEFC notified accredited certification/registration bodies are specified in Annex 6 of the PEFC Council Technical Document. The accredited certificates shall include accreditation symbol of the relevant accreditation body.

**Neutral raw material (Vn):**

Includes non forest (non wood) based raw material which cannot be replaced by forest based raw material (e.g. raw material used as non essential ingredient in a cosmetic or pharmaceutical product).

**Other raw material (Vo):**

Includes raw material other than defined as the “certified” and “neutral raw material”

**Definition of non wood forest based raw material**

Raw material or intermediate product originating in forest other than wood based raw material (chapter 1.3.16 of this standard).

The definition does not cover:

- (a) forest related services (e.g. tourism, sports, etc.),
- (b) other tangible or non tangible products / raw material, whose origin cannot be linked to a specific forest property (e.g. animals, birds and their products, air, water, etc.).

Normative amendment to Chain of Custody of Forest Based Products – Requirements	5 October 2007	Amendment No. 1 to Annex 4
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### **Amendment No. 1**

#### **to Annex 4 of the PEFC Council Technical Document (17 June 2005): Chain of Custody of Forest Based Products – Requirements**

The PEFC Council General Assembly decided on 5 October 2007 to amend Annex 4 of the PEFC Council Technical Document as follows, the amendments should be inserted in the appropriate places.

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#### **3.1.2.5**

##### *Insert*

Note: The three months maximum does not apply to production batches for which the certification percentage is calculated as simple percentage. In this case the production batch is limited by the time period required for manufacturing of products included in the production batch.

#### **3.3.5**

##### *Delete*

The maximum time for the calculation period in case of simple certification percentage is equivalent to the maximum time period defined for the production batch and shall not exceed three months.