

FSC STANDARD

FSC Standard for Chain of Custody Certification

FSC-STD-40-004 V2-1 EN



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

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

Foreword

In September 2004, the FSC Board of Directors endorsed “FSC-STD-40-004: FSC chain of custody standard for companies supplying and manufacturing FSC-certified products” (V1-0). During 2005, the FSC International Center has been mandated to monitor the uptake of and review these new standards taking into account experience with practical implementation and to resolve any outstanding issues.

Version 2-0 of FSC-STD-40-004 has been developed following three rounds of public consultations and discussions with the FSC Technical Working Group on Chain of Custody. It takes into account the various recommendations from the three Technical Working Group meetings held between October 2005 and February 2007 as well as the stakeholder inputs obtained on the various public drafts and on the FSC discussion paper “FSC-DIS-01-013: Review and Revision of the FSC Chain of Custody standard”.

Version 2-1 of FSC-STD-40-004 constitutes a minor revision of the standard to maintain the overall consistency of the chain of custody certification system.

Notes on use of this standard

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

The requirements laid down in this standard constitute the minimum requirements for Chain of Custody operations to comply with in order to demonstrate that materials and products purchased, labelled and sold as FSC-certified are authentic and any associated claims are truthful and correct. It is the responsibility of the certification body to raise any additional evidence in order to substantiate its corresponding certification decisions, if this is deemed necessary.

The certification requirements are divided into four parts:

Part I includes the universal requirements for Chain of Custody control which apply to all Chain of Custody operations.

Part II presents the three control systems for making FSC claims on outputs, out of which organizations have to choose one system for each established FSC product group.

Part III contains the requirements and thresholds for using the FSC on-product labels.

Part IV provides supplementary requirements addressing specific situations for Chain of Custody control systems.

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INTRODUCTION

This standard specifies the required elements that shall be complied with for FSC Chain of Custody certification.

FSC Chain of Custody is an information trail about the path taken by products from the forest or, in the case of recycled materials, from the reclamation site to the consumer including each stage of processing, transformation, manufacturing, and distribution where progress to the next stage of the supply chain involves a change of ownership.

Any change of ownership in the supply chain requires the establishment of effective Chain of Custody management systems at the level of the respective organization and their verification by independent certification bodies, if the organization wants to make an FSC claim about their products. Developing and implementing Chain of Custody management systems is a way for organizations to effectively control their processing system and show their customers the origin of the material in their products.

FSC certification of such management systems is designed to provide a credible guarantee to customers, whether business, government or end consumer, that products which are sold with a specified FSC certificate code are originating from well-managed forests, controlled sources, reclaimed materials, or a mixture of these. FSC Chain of Custody certification thereby facilitates the transparent flow of goods made from such materials through the supply chain.

An FSC Chain of Custody certificate provides information on the evaluated sites, processes and product groups from which such products may originate, and references the Chain of Custody standard(s) used in the evaluation by an FSC-accredited certification body.

Compliance with this standard provides a consistent, international basis for independent, third party verification of claims about the sourcing of wood/fibre material and products. It enables suppliers to demonstrate compliance with public or private procurement policies and specifications¹.

A key objective of this standard is to provide a pathway for organizations to both enter the FSC system and/or increase the proportion of FSC-certified input material to 100%.

A Scope

This standard specifies the management and production requirements for Chain of Custody control with respect to sourcing, labelling (where applicable) and sale of products as FSC-certified, thereby providing a range of options for making FSC claims.

The standard is applicable to all Chain of Custody operations trading, processing or manufacturing wood based and non-timber forest products from virgin and/or reclaimed materials including the primary industry sector (harvesting, pre-processing) or, in the case of recycled materials, reclamation sites, the secondary sector (primary and secondary manufacturing), and the tertiary sector (trading, wholesale, retail, print services).

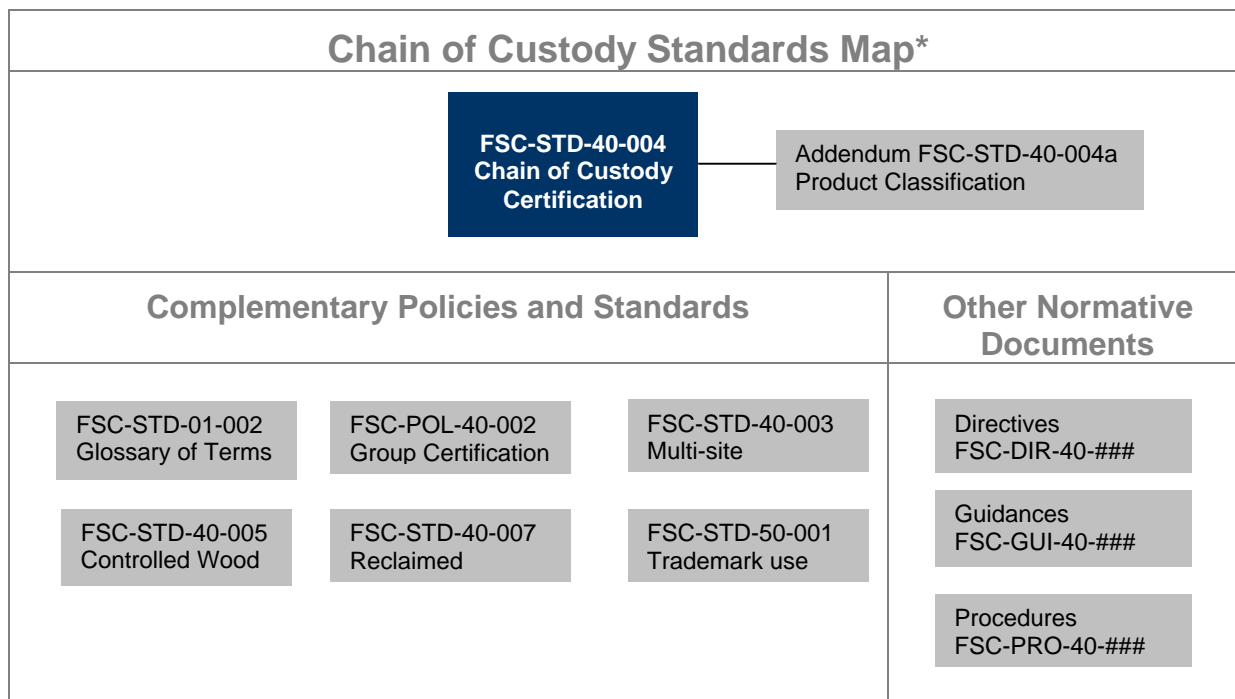
The standard defines and addresses the basic elements of a Chain of Custody management system:

- Quality management: responsibilities, procedures and records
- Product scope: definition of product groups and outsourcing arrangements
- Material sourcing: material specifications
- Material receipt and storage: identification and segregation
- Production control: control of quantities and determination of FSC claims
- Sales & delivery: invoicing and transport documentation
- Labelling: application of FSC labels on-product and labelling thresholds

¹ Examples include the EU Ecolabel scheme for furniture, or the U.S. Green Building "Leadership in Energy and Environmental Design" (LEED) rating system.

It specifies the requirements under each system element that, if successfully implemented, allow organizations to sell and label products as FSC 100%, FSC Mix, or FSC Recycled, or to sell materials as FSC Controlled Wood².

FSC-STD-40-004 is the main standard that applies for the certification of all Chain of Custody operations and may be combined with complementary standards according to the scope of the organization's certificate.



* Download of certification documents in English available at www.fsc.org.

For a product to be claimed as FSC certified (through a product label or sales documentation), there must be an unbroken chain of certified organizations covering every change in legal ownership of the product from the certified forest up to the point where the product is finished or sold to retail.

Chain of Custody certification is therefore required for all organizations in the supply chain of forest-based products that have legal ownership of certified products and perform one or more of the following activities:

- a) Pass on the FSC Claim to subsequent customers through sales and delivery documents;
- b) Apply the FSC label on-product;
- c) Process or transform FSC certified products (e.g. manufacturing, repackaging, relabeling, adding other forest-based components to the product).

NOTE: FSC claims in sales documents are required in cases where subsequent customers want to use the FSC certified products as input for the manufacturing of other certified products or for re-sale as FSC certified.

Organizations that do not perform the activities described above are exempt from Chain of Custody certification, including:

- I. Retailers selling to end-users;
- II. Individual or organizational end-users of FSC certified products;

² Materials or products sold as *FSC Controlled Wood* may not carry any on-product FSC claims, FSC codes, or the FSC trademarks and are not considered to be FSC-certified.

III. Organizations providing services to certified organizations **without taking legal ownership of the certified products**, including:

- Agents and auction houses arranging the trade of certified products between buyer and seller;
- Logistics companies transporting or temporarily storing certified products;
- Contractors operating under an outsourcing agreement according to section 12 of this standard.

NOTE: Even if not required, organizations that use and trade FSC certified products may apply for Chain of Custody certification in order to access the benefits of the FSC certification system.

B Effective date

This standard becomes effective on 01 October 2011. New certification applicants shall be assessed against this standard by 01 October 2011 and all certificate holders shall be in compliance with this standard by 01 October 2012.

C References

The following referenced documents are indispensable for the application of this document. For references without a version number, the latest edition of the referenced document (including any amendments) applies.

FSC-PRO-40-004 Minor components derogation applications

FSC-STD-40-004a FSC Product Classification (Addendum to FSC-STD-40-004)

FSC-STD-40-005 FSC Standard for Company Evaluation of FSC Controlled Wood

FSC-STD-40-007 FSC Standard for Use of Reclaimed Material in FSC Product Groups and FSC-certified Projects

FSC-STD-50-001 Requirements for use of the FSC trademarks by certificate holders

D FSC normative documents superseded and replaced by this standard

Part 3.6 of FSC-MAN-20-001 FSC Accreditation Manual: "Chain of Custody Certification Standards" (2002)

FSC-ADV-40-010 FSC Requirements for Outsourcing (2005) NOTE: Partly replaced by "FSC-STD-20-011 V1-0 Accreditation standard for Chain of Custody evaluations"

FSC-ADV-40-012 Printers – Chain-of-custody and Labelling Specifics (2007)

FSC-POL-40-001 FSC Policy on Percentage Based Claims (2000)

FSC-POL-40-005 FSC Policy for Brokers (2001)

FSC-POL-40-006 FSC Policy for Printing and Publishing (2001)

FSC-STD-40-004 FSC Chain of Custody Standard for Companies Supplying and Manufacturing FSC-certified Products (2008)

FSC-STD-40-004b FSC Species terminology - Addendum to FSC-STD-40-004 (2007)

E Terms and definitions

For the purposes of this international standard, the terms and definitions given in *FSC-STD-01-002 FSC Glossary of Terms* and the following apply:

Assembled products: Products that are constructed from two or more solid wood and/or chip and fibre components, assembled together to form another product. Examples include furniture, shelving units, musical instruments, plywood, blockboard, laminated veneer lumber, laminated flooring, laminated particle board, and printed materials containing different paper components.

Claim period: A period of time which has been specified by the organization for each product group for the purpose of making a specific FSC claim.

Chain of custody: The path taken by raw materials, processed materials, finished products, and co-products from the forest to the consumer or (in the case of reclaimed/recycled materials or products containing them) from the reclamation site to the consumer, including each stage of processing, transformation, manufacturing, storage and transport where progress to the next stage of the supply chain involves a change of ownership (independent custodianship) of the materials or the products.

Chain of Custody operation: Individual, company or other legal entity operating one or more facilities or sites within any 'stage' of the forest product supply chain and issuing invoices for materials or products with an FSC claim that can be used by customers to treat such products as certified or make promotional claims.

Chip and fibre products: All products that use input-wood that has been chipped or defibrillated. Such products include, for example, pulp, paper (including print materials), cardboard, particleboard, fibreboard and orientated strand board (OSB).

Co-product: Material produced during the process of primary manufacturing of another (principal) product, from the same input. Such materials are, for the purposes of this standard, classified depending on the material category from which they are (co-) produced.

Component: An individual and distinguishable part of an assembled product.

Controlled material: Virgin material originating in non FSC-certified forests or plantations from suppliers included in the verification program of organizations certified according to FSC-STD-40-005.

Conversion factor: The ratio between material quantity entering and leaving a given transformation process employed by the organization. The conversion factor is calculated by dividing the output (volume or weight) by the input (volume or weight) and is applied to each individual component of a product group.

Credit account: A record kept by a certified organization operating a credit system which lists entries and withdrawals of volume credits for the purpose of selling products with FSC claims.

Credit claim: Part of an FSC claim for FSC Mix or FSC Recycled products which specifies that the full quantity can be used as FSC input or post-consumer input for subsequent calculations of input percentages or FSC credit. Applicable claims are "FSC Mix Credit" or "FSC Recycled Credit".

Credit system: A Chain of Custody system applied at the product group level which allows a proportion of outputs to be sold with a credit claim corresponding to the quantity of FSC and post-consumer inputs. Considering the applicable conversion factor(s), FSC and post-consumer inputs can be accumulated as FSC credit on a credit account.

Delivery documents: Document accompanying a shipment of goods that lists the description, grade, and quantity of the goods delivered. Delivery documents are also called delivery notes, shipping or transport documents.

Eligible input: Virgin and reclaimed material input that is eligible to enter a specific FSC product group depending on its material category.

[Material category]	[Eligible for product group(s)]
a) FSC 100% material:	FSC 100%, FSC Mix
b) FSC Mix material:	FSC Mix
c) FSC Recycled material:	FSC Mix, FSC Recycled
d) FSC Controlled Wood:	FSC Mix, FSC Controlled Wood
e) controlled material:	FSC Mix, FSC Controlled Wood
f) post-consumer reclaimed material:	FSC Mix, FSC Recycled
g) pre-consumer reclaimed material:	FSC Mix, FSC Recycled

Finished product: Product that receives no further transformation in terms of processing, labelling or packaging prior to its intended end use.

Forestry Conformity Assessment Scheme: A scheme based on the development of standards for forest certification and assessment of operations for trade and production of forest products.

FSC certified material: FSC 100%, FSC Mix or FSC Recycled material that is supplied with an FSC claim by an organization which has been assessed by an FSC-accredited certification body for conformity with FSC Forest Management and/or Chain of Custody requirements.

FSC certified product: FSC certified material that is eligible to carry an FSC label and to be promoted with the FSC trademarks.

FSC claim: Claim made on sales and delivery documents for FSC-certified material or FSC Controlled Wood that specifies the material category and, for FSC Mix and FSC Recycled products, an associated percentage claim or credit claim. The appropriate FSC claims for each product group and Chain of Custody control system are presented below:

[Product groups]	[Control system]	[FSC claim]
FSC 100%	Transfer system	“FSC 100%”
FSC Mix	Percentage system	“FSC Mix x%”
FSC Mix	Credit system	“FSC Mix Credit”
FSC Recycled	Percentage system	“FSC Recycled x%”
FSC Recycled	Credit system	“FSC Recycled Credit”
FSC Controlled Wood	Transfer system	“FSC Controlled Wood”

FSC Controlled Wood: Material originating in non FSC-certified forests or plantations supplied with an FSC claim by a supplier which has been assessed by an FSC-accredited certification body for conformity with FSC Chain of Custody and/or FSC Controlled Wood requirements (FSC-STD-40-005 or FSC-STD-30-010).

FSC credit: Amount of product (volume or weight) that can be sold from a product group with a credit claim. Applicable only when using the credit system.

FSC input: Input of FSC-certified virgin material that counts towards the input percentage or towards the FSC credit for a product group as follows:

- a) material with an FSC 100% claim: counts as the full quantity stated on the supplier invoice;
- b) material with an FSC Mix x% claim: counts as the percentage of its quantity that is stated on the supplier invoice;
- c) material with an FSC Mix credit claim: counts as the full quantity stated on the supplier invoice;

FSC 100%: FSC-certified virgin material originating in FSC-certified forests or plantations that has not been mixed with material of another material category throughout the supply chain. FSC 100% products are eligible to be used in FSC 100% or FSC Mix product groups.

FSC Mix: FSC-certified virgin material based on input from FSC-certified, controlled and/or reclaimed sources, and supplied with a percentage claim or credit claim. FSC Mix material is only eligible to be used in FSC Mix product groups.

FSC Recycled: FSC-certified reclaimed material based on exclusive input from reclaimed sources, and supplied with a percentage claim or credit claim. FSC Recycled material or products are eligible to be used in FSC Mix or FSC Recycled product groups.

Input: Raw materials, semi-finished or finished products that are procured or generated by an organization, and physically enter the production process or are traded under the scope of a specific FSC product group.

Input percentage: Percentage of FSC and/or post-consumer input to a product group for a specific claim period. Applicable only when using the percentage system.

Material category: Categories of virgin or reclaimed material that, if eligible input, can be used in FSC product groups:

- a) FSC 100% material
- b) FSC Mix material
- c) FSC Recycled material
- d) FSC Controlled Wood
- e) controlled material
- f) post-consumer reclaimed material
- g) pre-consumer reclaimed material

Minor components: Forest based components of an FSC 100% or FSC Mix assembled product constituting less than 5% of the weight or volume of the virgin and reclaimed materials in the product. Minor components can be exempted from the requirements for Chain of Custody control as specified by this standard.

Non-timber forest product: All forest products except timber, including other materials obtained from trees such as resins and leaves, as well as any other plant and animal products. Examples include, but are not limited to seeds, fruits, nuts, honey, palm trees, ornamental plants and other forest products originating from a forest matrix.

Non-forest based material: Material that comes from outside a forest matrix. Examples are non-wood plant fibres (e.g. flax used in the manufacture of a board classified as a wood-based panel, or of a composite product), synthesized or inorganic materials (e.g. glass, metal, plastics, fillers, brighteners, etc.), but do not include non-timber forest products or salvaged wood. Non-forest based materials used in FSC product groups are exempt from Chain of Custody control requirements.

On-product: Term applied to any label, packaging or marking attached or applied to a product. Examples of on-product labels or marks include product tags, stencils, heat brands, information on retail packaging for small loose products (e.g. pencils), protective packaging and plastic wrap.

Organization³: Individual, company or other legal entity responsible for the implementation of the standard.

Output: Raw materials, semi-finished or finished products that are produced and/or supplied by an organization with an FSC claim.

Percentage claim: Part of an FSC claim for FSC Mix or FSC Recycled products that specifies the percentage of their FSC or post-consumer input, respectively. Buyers of such products must use the percentage claim for subsequent calculations of input percentages or FSC credit.

Percentage system: A Chain of Custody system applied at the product group level which allows all outputs to be sold with a percentage claim that corresponds to the proportion of FSC and post-consumer input over a certain period in time.

Post-consumer input: Input of post-consumer reclaimed and FSC Recycled material that counts towards the input percentage or towards the FSC credit for a product group as follows:

- a) Post-consumer reclaimed material: counts as the full quantity stated on the supplier invoice;

³ In order to remain compatible with ISO definitions, the following terms referring to the supply chain are used: *supplier* » *organization* » *customer*.

- b) material with an FSC Recycled x% claim: counts as the percentage of its quantity that is stated on the supplier invoice;.
- c) material with an FSC Recycled credit claim: counts as the full quantity stated on the supplier invoice.

Post-consumer reclaimed material: Material that is reclaimed from a consumer or commercial product that has been used for its intended purpose by individuals, households or by commercial, industrial and institutional facilities in their role as end-users of the product.

Pre-consumer reclaimed material: Material that is reclaimed from a process of secondary manufacture or further downstream industry, in which the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it.

Primary manufacturing: Any processing that transforms roundwood into materials other than roundwood. For chip and fibre products, primary manufacturing includes the pulp mill as well as the paper mill stage.

Procedure: A specified way to carry out an activity or process. Procedures can be documented or not.

Product group: A product or group of products specified by the organization, which share basic input and output characteristics and thus can be combined for the purpose of FSC Chain of Custody control, percentage calculations and labelling according to the FSC material categories: FSC 100%, FSC Mix, FSC Recycled or FSC Controlled Wood.

Product type: A general description of outputs based on a categorization or classification system. Examples of product types according to the FSC product classification are: 'logs of coniferous wood', 'wood charcoal', 'chemical wood pulp', 'garden furniture', or 'particle board'.

Promotional: Term applied to all statements, claims, trademarks and such like used to promote products, services or organizations, but which are not physically attached or applied to a product itself.

Reclaimed material: Material that demonstrably would have otherwise been disposed of as waste or used for energy recovery, but has instead been collected and reclaimed as input material, in lieu of virgin material, for re-use, recycling, re-milling in a manufacturing process or other commercial application. Inputs of the following material categories are classified as reclaimed material:

- a) FSC Recycled material;
- b) Post-consumer reclaimed material;
- c) Pre-consumer reclaimed material.

Sales document: Physical or electronic commercial instrument issued by a seller to a buyer. Also called invoice, bill of sale, contract of sale, it identifies both the trading parties and lists, describes, and quantifies the items sold, shows the date of sale, prices and delivery and payment terms. It serves as a demand for payment and becomes a document of title when paid in full.

Salvaged wood: Wood that has been felled and subsequently lost or abandoned. Examples include lake/river salvage (logs/timber that sank to the bottom of a river or lake while being transported), wood from orchard clearance, wood from road clearance and urban harvested wood. For the purposes of FSC Chain of custody Control and labelling salvaged wood is considered as virgin material and shall be controlled for use in FSC product groups.

Scope: The scope of a Chain of Custody certificate defines the organization's sites, product groups, and activities that are included in the evaluation by an FSC-accredited certification body, together with the certification standard(s) against which these have been audited.

Site: A single functional unit of an organization or a combination of units situated at one locality, which is geographically distinct from other units of the same organization. One or more sub-sites may be regarded as part of a site if they are an extension of the main site with no

purchasing, processing or sales functions of their own (e.g. a remote stockholding and despatch site).

Solid wood products: Products that constitute a single, solid piece of wood, such as a log, beam or plank.

Supplier: Individual, company or other legal entity providing goods or services to an organization.

Transfer system: A Chain of Custody system applied at the product group level, which allows outputs to be sold with an FSC claim that is identical to the material category and, if applicable, the associated percentage claim or credit claim with the lowest FSC or post-consumer input per input volume.

Virgin material: Primary (i.e. non-reclaimed) material originating in forests or plantations. Inputs of the following material categories are classified as virgin material:

- a) FSC 100%;
- b) FSC Mix;
- c) Controlled material.

Verbal forms for the expression of provisions

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

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

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

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

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

PART I: Universal Requirements

Part I includes the FSC Chain of Custody requirements which apply to all Chain of Custody operations. The quality management requirements apply for this standard as well as for all complementary policies and standards included in the scope of the organization's chain of custody certificate (e.g. FSC-STD-40-003, FSC-STD-40-005, FSC-STD-40-007, FSC-POL-40-002, FSC-STD-50-001).

1 Quality Management

1.1 Responsibilities

- 1.1.1 The organization shall appoint a management representative as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.
- 1.1.2 All relevant staff shall demonstrate awareness of the organization's procedures and competence in implementing the organization's Chain of Custody management system.

1.2 Procedures

- 1.2.1 The organization shall establish, implement and maintain procedures and/or work instructions covering all applicable requirements of this standard, according to its scale and complexity.
- 1.2.2 The organization shall define the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation.

1.3 Training

- 1.3.1 The organization shall establish and implement a training plan according to the qualifications and/or training measures defined for each procedure.
- 1.3.2 The organization shall keep records of the training provided to staff in relation to implementation of this standard.

1.4 Records

- 1.4.1 The organization shall maintain complete and up-to-date records covering all applicable requirements of this standard.
- 1.4.2 Retention time for all records and reports, including purchase and sales documents, training records, production records, volume summaries, and trademark approvals, shall be specified by the organization and shall be at least five (5) years.

1.5 Commitment to FSC Values

- 1.5.1 The organization shall demonstrate its commitment to comply with the Values of FSC as defined in the "*Policy for the Association of Organizations with FSC*" (FSC-POL-01-004, initially approved in July 2009).
- 1.5.2 The organization shall declare not be directly or indirectly involved in the following activities:
 - a) Illegal logging or the trade in illegal wood or forest products;
 - b) Violation of traditional and human rights in forestry operations;
 - c) Destruction of high conservation values in forestry operations;
 - d) Significant conversion of forests to plantations or non-forest use;
 - e) Introduction of genetically modified organisms in forestry operations;
 - f) Violation of any of the ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work, 1998.

1.6 Occupational Health and Safety

1.6.1 The organization shall demonstrate its commitment to occupational health and safety.

2 Scope of Chain of Custody system

2.1 Product groups

2.1.1 The organization shall establish FSC product groups for all products that will be sold with FSC claims and shall maintain an up-to-date and publicly available FSC product group list with the following information:

- a) specification of the product group as FSC 100%, FSC Mix, FSC Recycled or FSC Controlled Wood⁴;
- b) product type(s) according to the FSC product classification;
- c) species including scientific and common names used as inputs to the product group, if information on species composition is commonly used to designate the product characteristics.

NOTE: To ensure that the scientific and common names of the species are correctly written, the organization should follow the available nomenclature of the Germplasm Resources Information Network (GRIN) Taxonomy Species Online Database (<http://www.ars-grin.gov/cgi-bin/npgs/html/index.pl>)

2.1.2 The organization shall specify for each product group:

- a) the material categories used as input;
- b) the control system used for making FSC claims:
 - i. transfer system;
 - ii. percentage system; or,
 - iii. credit system;
- c) the sites involved in management, production, storage, sale, etc.

2.1.3 For product groups where a percentage or credit system based on claim periods is used, the organization shall ensure that all included products share similar specifications in relation to:

- a) quality of inputs;
- b) conversion factors.

2.2 Outsourcing

2.2.1 The organization shall follow the requirements specified in Part IV, Section 12 of this standard for any outsourced activities covering products included within the FSC product group list.

⁴ The production of FSC 100% product requires the exclusive use of FSC 100% inputs.

For FSC Mix product groups both, FSC input and post-consumer input count towards the input percentage or towards the FSC credit

The production of FSC Recycled products requires the exclusive use of reclaimed material inputs (FSC Recycled, post-consumer and pre-consumer reclaimed material). Only post-consumer input counts towards the input percentage or towards the FSC credit.

An FSC Controlled Wood product group is only possible for trading activities with other FSC certificate holders related to raw or semi-finished materials and when the organization is evaluated against FSC-STD-40-005.

3 Material sourcing

3.1 Input specifications

- 3.1.1 The organization shall adopt and use the definitions and categorization of input materials as specified by this standard.
- 3.1.2 The organization shall categorize all inputs to FSC product groups by their material category: and shall ensure that only eligible inputs are used.

3.2 Supplier validation

- 3.2.1 The organization shall establish and maintain an up-to-date record of all suppliers who are supplying material used for FSC product groups including:
 - a) the supplied product type;
 - b) the supplied material category;
 - c) the supplier's FSC Chain of Custody or FSC Controlled Wood code, if applicable.
- 3.2.2 The organization shall verify the validity and scope of the supplier's FSC certificate for any changes that might affect the availability and authenticity of the supplied products via <http://info.fsc.org>.

3.3 Purchase of non-certified material

- 3.3.1 For the purchase of controlled material, the organization shall comply with the applicable requirements of "FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood".
- 3.3.2 For the purchase of non-certified reclaimed material, the organization shall comply with the provisions of "FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects".

3.4 Generating raw material on site

- 3.4.1 Organizations which generate input material for an FSC product group at their own site shall identify the material category and, if applicable, the associated percentage claim or credit claim as follows:
 - a) material produced during the process of primary manufacture of another (principal) product, from the same input, shall be considered as belonging to the same material category as the input from which it was (co-)produced;
 - b) material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it, shall be considered as belonging to the same material category as the input from which it was derived or as pre-consumer reclaimed material.
- 3.4.2 The organization shall classify mixtures of different virgin or reclaimed material categories, where the proportions of the different inputs cannot be identified, by the material category and, if applicable, percentage or credit claim with the lowest FSC or post-consumer input per input volume.

NOTE: Material mixtures of FSC-certified, controlled and/or reclaimed material, where the proportions of the different inputs cannot be identified, shall be classified as 'controlled material'.

4 Material receipt and storage

4.1 Identification of input

- 4.1.1 On receipt of material or prior to further use or processing the organization shall check the supplier invoice and supporting documentation to ensure the following:
- a) the supplied material quantities and quality are in compliance with the supplied documentation;
 - b) the material category and, if applicable, the associated percentage or credit claim is stated for each product item or for the total products;
 - c) the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.

4.2 Segregation

- 4.2.1 The organization shall ensure that inputs used for FSC product groups remain clearly identifiable and separable by product group⁵ or, if identical inputs are used for more than one FSC product group, by their associated FSC claim⁶.

4.3 Precautions for labelled material

- 4.3.1 For materials received with an FSC label the organization shall ensure the following:
- a) material which will be further processed shall be cleared of any labels or segregation marks before sale;⁷
 - b) material which shall be sold unchanged shall be checked by the organization for being correctly⁸ labelled according to its FSC material category unless the organization does not gain physical possession of the material.
- 4.3.2 For materials received with a label from other forestry conformity assessment schemes, the organization shall ensure that the materials are cleared of any such labels before sale with an FSC claim.

⁵ I.e. separable from input used for other FSC product groups or for non-certified products.

⁶ I.e. identifiable and separable in total from other non-identical input.

⁷ This does not apply in cases where due to product characteristics the label is inseparable (e.g. print materials).

⁸ In cases where the organization identifies or has been informed about mislabelled (improperly or incompletely labelled) products or discrepancies in the accompanying documentation, it shall inform its FSC-accredited certification body and await his approval or guidance on appropriate actions before such products are put on the market.

5 Volume control

5.1 Conversion factors

- 5.1.1 For each product group the organization shall identify the main processing steps involving a change of material volume or weight and specify the conversion factor(s) for each processing step or, if not feasible, for the total processing steps.
- 5.1.2 The organization shall specify the methodology for calculating the conversion factor(s) and ensure that conversion factors are kept up to date.

5.2 Material balances

- 5.2.1 For each product group the organization shall establish a material accounting record to ensure that at all times the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs⁹, ¹⁰ from different material categories, their associated percentage or credit claims, and the product group conversion factor(s). The accounting record shall include at least the following information:
- For inputs and outputs:
- a) invoice references;
 - b) quantities (by volume or weight)¹¹;
- For inputs:
- c) material category and, if applicable, percentage claim or credit claim;
- For outputs:
- d) FSC claim;
 - e) information to identify the product item in invoices;
 - f) applicable claim period or job order.
- 5.2.2 For each product group the organization shall prepare annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows:
- a) inputs received;
 - b) inputs used for production (if applicable);
 - c) inputs still in stock;
 - d) outputs still in stock;
 - e) outputs sold.

5.3 Determination of FSC claims

- 5.3.1 The organization shall determine for each claim period or job order the appropriate FSC claim according to one of the following control systems specified for the product group:
- a) transfer system (Part II, Section 7): applicable to all product groups;
 - b) percentage system (Part II, Section 8): applicable to FSC Mix and FSC Recycled product groups;
 - c) credit system (Part II, Section 9): applicable to FSC Mix and FSC Recycled product groups.

NOTE: For FSC 100% product groups the transfer system shall be applied.

- 5.3.2 For each product group the organization shall carry out calculations of input percentages (under a percentage system) or FSC credit (under a credit system) at the level of a single site.

⁹ Inputs that have not been mixed with inputs of a different material category only need to be recorded in the inventory on physical entry into the (production or other) process specified by the scope of the Chain of Custody certificate. This applies for example where drying processes are employed prior to processing.

¹⁰ Organizations in the certification process may use towards their input calculations material held in their stock at the time of the main assessment as well as material received between the date of the main assessment and the issue date of the organization's FSC Chain of Custody certificate. However, the organization may not sell any material with FSC claims prior to holding an FSC Chain of Custody certificate.

¹¹ If information on volume or weight is not available (e.g. for traders) the number of pieces may suffice.

6 Sales and delivery

6.1 Identification of outputs sold with FSC claims

- 6.1.1 The organization shall ensure that all sales and delivery documents issued¹² for outputs sold with FSC claims include the following information:
- a) name and contact details of the organization;
 - b) name and address of the customer;
 - c) date when the document was issued;
 - d) description of the product;
 - e) quantity of the products sold;
 - f) the organization's FSC Chain of Custody or FSC Controlled Wood code;
 - g) clear indication of the FSC claim for each product item or the total products as follows:
 - i. the claim "FSC 100%" for products from FSC 100% product groups;
 - ii. the claim "FSC Mix x%" where 'x' represents the applicable percentage claim for products from FSC Mix product groups under a percentage system;
 - iii. the claim "FSC Mix Credit" for products from FSC Mix product groups under a credit system;
 - iv. the claim "FSC Recycled x%" where 'x' represents the applicable percentage claim for products from FSC Recycled product groups under a percentage system;
 - v. the claim "FSC Recycled Credit" for products from FSC Recycled product groups under a credit system;
 - vi. the claim "FSC Controlled Wood" for products from FSC Controlled Wood product groups or for products from FSC Mix or FSC Recycled product groups that will not be sold as FSC-certified.
 - h) if separate delivery documents are issued, information sufficient to link the sale and related delivery documentation to each other.

NOTE: For supplies of finished products that meet the labelling thresholds specified in Section 11 the organization may omit the percentage or credit information in sales and delivery documentation. In this case, however, the material has lost its information on FSC or post-consumer input for subsequent customers and therefore may not be further re-sold with FSC claims.

- 6.1.2 The organization shall include the same information as required in clause 6.1.1 in the related delivery documentation, if the sales documentation (or copy of it) is not included with the shipment of the product.
- 6.1.3 Organizations selling semi-finished products with FSC claims shall provide information by sales documentation, delivery documentation and/or supplementary letters on the quantity (volume or weight) of minor components which are exempt from requirements for Chain of Custody control and labelling, if their proportion exceeds 1% of the product volume or weight.

6.2 Labelling of products sold with FSC claims

- 6.2.1 The organization shall ensure that products which carry an FSC label are always sold with the corresponding FSC claim on their sales and delivery documentation.
- 6.2.2 The organization shall ensure that products sold with an FSC claim on sales and delivery documentation do not carry any labels from other forestry conformity assessment schemes.

6.3 Supplying FSC Controlled Wood

- 6.3.1 The organization shall ensure that the sale of FSC Controlled Wood is in compliance with Part 4 of "FSC-STD-40-005: FSC Standard for Company Evaluation of FSC Controlled Wood".

¹² In cases where systems of Electronic Data Interchange (EDI) are employed and no written invoices are issued, alternative evidence shall be provided to demonstrate the FSC status of supplied products equivalent to the information as required by 6.1.1.

PART II: Systems for controlling FSC claims

Part II presents the three systems for making FSC claims on outputs. Organizations shall choose one for each FSC product group:

- Section 7: Transfer system;
- Section 8: Percentage system;
- Section 9: Credit system.

7 Transfer system

The transfer system shall be used for trading activities related to finished products and for the production of FSC 100% product groups. In addition, it can also be used for other FSC product groups in the following situations:

- FSC Mix product groups:
 - mixtures of FSC 100%, FSC Mix and/or FSC Recycled inputs;
 - exclusive use of FSC Mix inputs;
- FSC Recycled product groups:
 - exclusive use of FSC Recycled and/or post-consumer reclaimed material;
- FSC Controlled Wood product groups.

NOTE: Non-Timber Forest Products used for food and medicinal purposes are restricted to the transfer system only.

7.1 Specification of claim periods or job orders

7.1.1 For each product group, the organization shall specify claim periods or job orders for which a single FSC claim shall be made.

NOTE: The minimum length of the claim period shall be the length of time to complete a batch run including receipt, storage, processing, labelling and/or sale of the output product.

7.2 Inputs with identical FSC claims

7.2.1 For claim periods or job orders in which inputs belong to only one material category carrying an identical FSC claim, the organization shall determine this to be the corresponding FSC claim for the outputs.

NOTE: If the input consists of 100% post-consumer reclaimed materials the output FSC claim shall be "FSC Recycled 100%".

7.3 Inputs with different FSC claims

7.3.1 For claim periods or job orders in which inputs of different material categories or associated percentage claims or credit claims are mixed the organization shall use the FSC claim with the lowest FSC or post-consumer input per input volume as the FSC claim for the outputs.

NOTE: Inputs with an 'FSC Mix Credit' claim or an 'FSC Recycled Credit' claim shall be considered as having a lower standing than inputs with an 'FSC 100%' or an 'FSC Recycled 100%' claim, respectively.

8 Percentage system

The percentage system can be used for FSC Mix and FSC Recycled product groups. It is not applicable for trading activities related to finished products and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.

8.1 Specification of claim periods or job orders

8.1.1 For each product group the organization shall specify claim periods or job orders for which a single FSC percentage claim shall be made.

8.2 Determination of FSC and post-consumer input

8.2.1 For FSC Mix and/or FSC Recycled inputs, the organization shall use the percentage claim or credit claim stated on the supplier invoice to determine the quantities of FSC and post-consumer inputs.

NOTE: Material supplied with a credit claim shall be used by its full quantity as FSC input or post-consumer input, respectively.

8.3 Calculation of the input percentage

8.3.1 The organization shall calculate and record the input percentage for each claim period or job order using the following formula:

$$\%_{input} = \frac{Q_{FSC} + Q_{post-consumer}}{Q_{total}} \times 100$$

$\%_{input}$ = input percentage

Q_{FSC} = quantity of FSC input

$Q_{post-consumer}$ = quantity of post-consumer input

Q_{total} = total quantity of virgin material and reclaimed material inputs

8.3.2 For each product group, the organization shall calculate the input percentage based on:

- a) the input to the same claim period or job order (single percentage), OR
- b) the input to a specified number of previous claim periods (rolling average percentage).

NOTE: FSC claims based on rolling average calculations can only be made once the specified number of previous claim periods has been completed since the setup of the product group under a percentage system.

8.3.3 The time period over which the input percentage is calculated shall not exceed 12 months, unless otherwise warranted by nature of the business and approved by the FSC-accredited certification body.

8.4 FSC claims for outputs

8.4.1 The organization may sell the total output of a claim period or job order from FSC Mix product groups with a percentage claim that is identical to or lower than the calculated input percentage.¹³

8.4.2 The organization may sell the total output of a claim period or job order from FSC Recycled product groups with a percentage claim that is identical to or lower than the calculated input percentage.

8.4.3 The organization may sell as FSC Controlled Wood the portion of the output of a claim period that has not been sold with an FSC percentage claim.¹⁴

8.5 Promotion of products

8.5.1 The organization shall ensure that the FSC trademarks are not used for the promotion of products which do not meet the thresholds for labelling specified in Part III of this standard.

¹³ E.g., if the input percentage is 80%, then all (100%) of the outputs may be sold with an 'FSC Mix 80%' claim.

¹⁴ The sale of FSC Controlled Wood must be covered by the scope of the organization's CoC certificate.

9 Credit system

The credit system can be used for FSC Mix and FSC Recycled product groups. It is neither applicable for print processes nor for trading activities related to finished products. The credit system can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.

9.1 Specification of claim periods

9.1.1 For each product group, the organization shall set up and maintain an FSC credit account with specified claim periods of up to 3 months according to which additions and deductions of FSC credits shall be recorded.

9.2 Determination of FSC and post-consumer input

9.2.1 For FSC Mix and/or FSC Recycled inputs, the organization shall use the percentage claim or credit claim stated on the supplier invoice to determine the quantities of FSC and post-consumer inputs.

NOTE: Material supplied with a credit claim shall be used by its full quantity as FSC input or post-consumer input, respectively.

9.3 Adding FSC credit to the credit account

9.3.1 The organization shall add the converted quantity (volume or weight) of FSC and post-consumer inputs as FSC credit to the FSC credit account using the conversion factor(s) specified for each component of the product group.

9.3.2 The organization shall add the FSC credit to the credit account after the organization has gained legal ownership and the material category has been verified, and before the material enters the production process.

9.4 Withdrawing FSC credit from the credit account

9.4.1 The organization shall deduct the quantity sold and/or labelled as FSC Mix or FSC Recycled from the available FSC credit in the product group credit account.

9.5 Credit account management

9.5.1 The organization shall ensure that the FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained updated at all times.

9.5.2 The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous 12 months. Any FSC credit that exceeds this total new FSC credit shall be deducted at the beginning of each new claim period from the credit account.

9.6 FSC claims for outputs

9.6.1 At any time the organization may sell material from FSC Mix product groups with a credit claim up to the total FSC credit available in the credit account.

9.6.2 At any time the organization may sell material from FSC Recycled product groups with a credit claim up to the total FSC credit available in the credit account.

9.6.3 The organization may supply as FSC Controlled Wood the portion of the output volume that has not been sold as FSC Mix or FSC Recycled material, on the basis of a corresponding FSC Controlled Wood credit account.¹⁵

¹⁵ See footnote 14 above.

PART III: Labelling

Part III contains the requirements and percentage thresholds for using the FSC labels on-product.

10 General labelling requirements

10.1 Application of FSC labels

10.1.1 Organizations applying an FSC label on-product shall ensure the following:

- a) products shall only be FSC-labelled if they comply with the applicable requirements of this standard;
- b) products shall be labelled in compliance with the relevant FSC on-product labelling standard (see Section C “References”);

11 Eligibility for labelling

11.1 FSC ‘100%’ label

11.1.1 All products from FSC 100% product groups can be labelled with the FSC ‘100%’ label.

11.2 FSC ‘Mix’ label

11.2.1 Products from FSC Mix product groups under a transfer system can be labelled with the FSC ‘Mix’ label if the identified FSC claim for the outputs is one of the following:

- a) an ‘FSC Mix’ percentage claim of at least 70%; or
- b) an ‘FSC Mix Credit’ claim.

11.2.2 Products from FSC Mix product groups under a percentage system can be labelled with the FSC ‘Mix’ label if their applicable percentage claim is at least 70%.

NOTE: Please note Advice # 3 of FSC-DIR-40-004 for the phase-out rule regarding the reduced labelling threshold of 50% for chip and fibre products.

11.2.3 Products from FSC Mix product groups under a credit system can be labelled with the ‘FSC Mix’ label if there is sufficient FSC credit available on the credit account for the product group.

NOTE: The respective product volume or weight shall be deducted from the FSC credit account once the products are labelled.

11.3 FSC ‘Recycled’ label

11.3.1 Products from FSC Recycled product groups under a transfer system can be labelled with the FSC ‘Recycled’ label if the identified FSC claim for the outputs is one of the following:

- a) an ‘FSC Recycled’ percentage claim of at least 85%; or
- b) an ‘FSC Recycled Credit’ claim.

11.3.2 Products from FSC Recycled product groups under a percentage system can be labelled with the FSC ‘Recycled’ label if their applicable percentage claim is at least 85%.

11.3.3 Products from FSC Recycled product groups under a credit system can be labelled with the FSC ‘Recycled’ label if there is sufficient FSC credit available on the credit account for the product group.

PART IV: Supplementary Requirements

Part IV provides supplementary requirements addressing specific situations for Chain of Custody control systems. Compliance is only required if the organization is outsourcing some or all of its activities (Section 12) or makes use of the exemption for minor components (Section 13).

12 Outsourcing

NOTE: Organizations that outsource work on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.

12.1 Pre-conditions for outsourcing

12.1.1 Organizations which wish to include outsourcing within the scope of their FSC chain of custody certificate shall ensure the following:

- a) the organization has legal ownership of all input material to be included in outsourced processes;
- b) the organization does not relinquish legal ownership of the materials during outsourced processing;
- c) the organization has an agreement or contract covering the outsourced process with each contractor. This agreement or contract shall include a clause reserving the right of the FSC-accredited certification body to audit the outsourcing contractor or operation;
- d) the organization has a documented control system with explicit procedures for the outsourced process which are shared with the relevant contractor.

NOTE: Where the outsourced process would not usually involve the physical re-possession of the material following outsourced processing, the organization is not required to re-take physical possession.

12.2 Maintaining traceability and paper trails

12.2.1 The organization's control system for the outsourced process shall ensure that:

- a) the material used for the production of FSC-certified material can be tracked and controlled and can not be mixed or contaminated with any other material during outsourced processing;
- b) the contractor keeps records of inputs, outputs and delivery documentation associated with all FSC-certified material which is processed or produced under the outsourcing contract or agreement.

12.3 Records

12.3.1 The organization shall record the names and contact details of all contractors used for the processing or production of FSC-certified materials.

12.3.2 The organization shall inform its certification body about the names and contact details of any new contractor used for the processing or production of FSC-certified materials prior to outsourcing.

12.4 Invoicing

12.4.1 The organization shall issue the final invoice for the processed or produced FSC-certified material following outsourcing. The invoice shall state the certificate holder's Chain of Custody certificate number.

NOTE: If the organization has not issued the final invoice for the processed or produced FSC-certified material following completion of outsourced processing, then the material shall not be sold with FSC claims.

12.5 Labelling

12.5.1 The organization shall ensure that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement.

12.6 Promotion

- 12.6.1 The organization shall ensure that the contractor does not use the FSC Trademarks for promotional use.

12.7 Preclusion of subcontracting

- 12.7.1 The organization shall ensure that contractors do not themselves outsource processing, i.e. the material may not pass from one outsourcing contractor to another under the outsourcing agreement.

13 Minor components

NOTE: In justified cases the organization may use inputs which can not be positively identified as eligible input in order to manufacture minor components of FSC 100% or FSC Mix assembled products.

13.1 Specification and volume control

- 13.1.1 For FSC 100% or FSC Mix products, the organization may specify minor components that can be exempt from the requirements for Chain of Custody control and labelling.
- 13.1.2 The organization shall not specify the following components as minor components:
- Solid wood veneer used as visible face veneer on top of other materials;
 - Components made from species listed in CITES¹⁶ Appendices I, II or III.
- 13.1.3 The organization shall demonstrate that the quantity of material entering minor components which have been identified as exempt from requirements for Chain of Custody control and labelling is less than 5% the weight or volume of the virgin and reclaimed materials in the individual product.
- 13.1.4 In cases where a product contains more than one minor component, in total they shall not exceed 5% of the volume or weight of the product.

13.2 Rationale and action plan

- 13.2.1 For minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the organization shall provide in writing an accurate and up-to-date justification why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.
- 13.2.2 For minor components between¹⁷ 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the organization shall follow the procedures outlined in "FSC-PRO-40-004: Minor components derogation applications".

NOTE Without a valid derogation, use of uncontrolled material by an organization in minor components which constitute more than 1% of the volume or weight of the virgin and reclaimed materials in an FSC 100% or FSC Mix assembled product shall prevent the issue of an FSC Chain of Custody certificate or, if the organization is an FSC Chain of Custody certificate holder, shall lead to the immediate suspension of the certificate.

¹⁶ CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) is an international agreement between governments. Its aim is to ensure that international trade in specimens of wild animals and plants does not threaten their survival. [Source: <http://www.cites.org>]

¹⁷ "'between'" shall be interpreted as not including the subsequent percentage figures, i.e. as 'more than 1%' and 'less than 5%'.

ANNEX I: Comparison of the transfer, percentage and credit system [INFORMATIVE]

The following graphics explain the basic functionality of the various Chain of Custody systems for controlling FSC claims [see Sections 7–9] by means of production scenarios with differing inputs:

Inputs

- = FSC input: 'FSC 100%'
- ◐ = FSC input: 'FSC Mix 70%'
- = Controlled input

Outputs

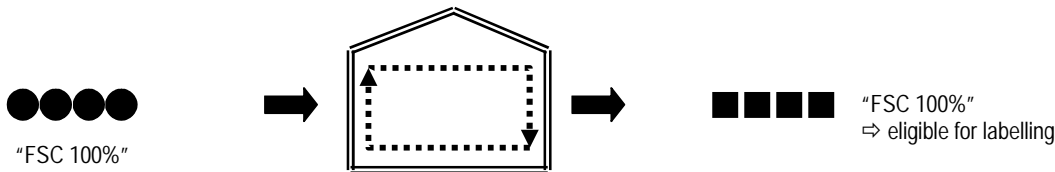
- = 'FSC 100%'
- ◑ = 'FSC Mix' with percentage or credit claim
- = 'FSC Controlled Wood' claim

1. Transfer system

Under the transfer system the material category and associated claim with the lowest FSC input (for inputs of virgin material) or post-consumer input (for inputs of reclaimed material) per input volume has to be identified.

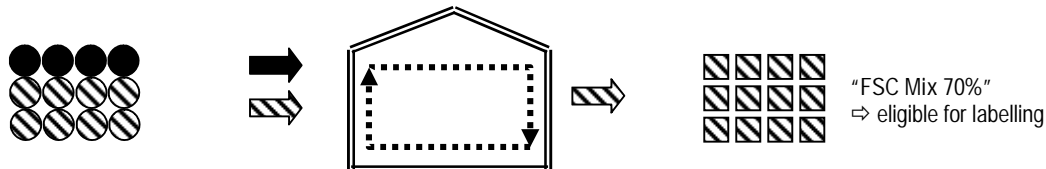
NOTE: The transfer system cannot be applied to material mixtures that include materials with neither FSC input nor post-consumer input.

Scenario A: Material input with a single FSC claim



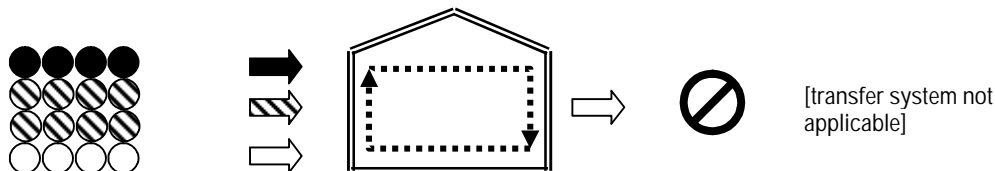
The transfer system is particularly useful in cases where only a single material input is used as e.g. in the case of 'FSC 100%' product groups. In these cases the input claim is simply transferred to the output.

Scenario B: Inputs with different FSC claims



In the second example a mixture of 'FSC 100%' and 'FSC Mix 70%' material input is used. In this case the material category with the lowest FSC input per input volume is 'FSC Mix 70%' which therefore can be transferred as applicable FSC claim for the output. This scenario is applicable for users who are either unable or do not want to calculate the exact FSC input to their production but only want to ensure a certain minimum FSC claim for their outputs.

Scenario C: Inputs with different FSC claims and without FSC claims

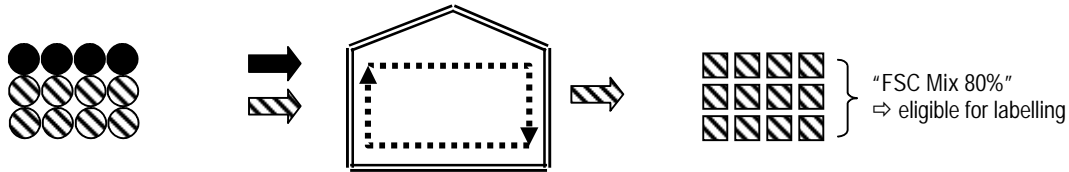


The transfer system cannot be applied as the material mixture contains material with no FSC input.

2. Percentage system

Under the percentage system all outputs can be sold with a percentage claim that corresponds to the proportion of FSC input and post-consumer input compared to the total input.

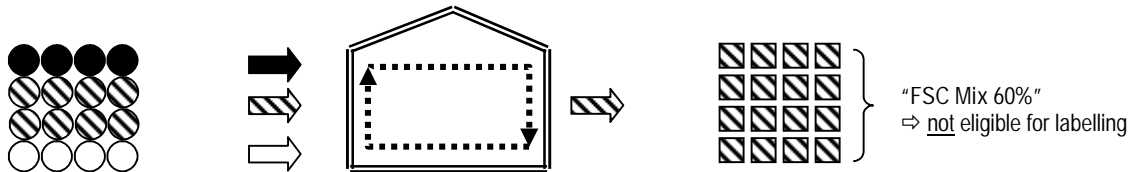
Scenario B: Inputs with different FSC claims



The FSC claim for the output is calculated as follows:

$$\left. \begin{array}{l} 4 \text{ units with FSC input of } 100\% \\ 8 \text{ units with FSC input of } 70\% \end{array} \right\} \frac{(4 \times 100\%) + (8 \times 70\%)}{4 + 8} \times 100\% = \frac{4 + 5.6}{12} \times 100\% = \mathbf{80\%}$$

Scenario C: Inputs with different FSC claims and without FSC claims



The FSC claim for the output is calculated as follows:

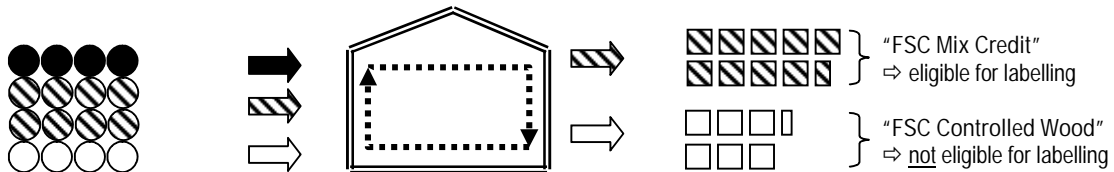
$$\left. \begin{array}{l} 4 \text{ units with FSC input of } 100\% \\ 8 \text{ units with FSC input of } 70\% \\ 4 \text{ units without FSC input} \end{array} \right\} \frac{(4 \times 100\%) + (8 \times 70\%)}{4 + 8 + 4} \times 100\% = \frac{4 + 5.6}{16} \times 100\% = \mathbf{60\%}$$

3. Credit system

Under the credit system a proportion of the outputs can be sold with a credit claim corresponding to the quantity of FSC input and/or post-consumer inputs. FSC inputs and post-consumer inputs can also be accumulated as FSC credit on a credit account. The remainder of the output can be sold as 'FSC Controlled Wood'.

Scenario C: Inputs with different FSC claims and without FSC claims

NOTE: The credit system could also be applied to scenario B, above.



The number of output units which can be sold with an 'FSC Mix Credit' claim is calculated as follows:

$$\left. \begin{array}{l} 4 \text{ units with FSC input of } 100\% \\ 8 \text{ units with FSC input of } 70\% \\ 4 \text{ units without FSC input} \end{array} \right\} \begin{array}{l} (4 \times 100\%) + (8 \times 70\%) \text{ units} = 4 + 5.6 \text{ units} = \mathbf{9.6 \text{ units}} \\ \text{The remainder of } \mathbf{6.4 \text{ units}} \text{ can be sold as 'FSC Controlled Wood'}. \end{array}$$