



Directive

# FSC DIRECTIVE ON CHAIN OF CUSTODY CERTIFICATION

FSC-DIR-40-004 EN

22/08/2024



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| <b>Title:</b>                | FSC Directive on Chain of Custody Certification  |                     |
| <b>Dates:</b>                | <b>Approval date:</b>  | 19 July 2024        |
| <b>Timeframes:</b>           | <b>Transition period:</b>  | not applicable      |
|                              | <b>Period of validity:</b>   | not applicable      |
| <b>Contact for comments:</b> | FSC International – Performance and Standards Unit<br>Adenauerallee 134<br>53113 Bonn<br>Germany |                     |
|                              | <b>Phone:</b>  | +49 (0)228 36766 0  |
|                              | <b>Fax:</b>  | +49 (0)228 36766 65 |
|                              | <b>Email:</b>  | psu@fsc.org         |

## Version control

**Publication date:** 22 August 2024

| Version | Description    | Date           |
|---------|----------------|----------------|
| V1-0    | Not applicable | Not applicable |

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## FOREWORD

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

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

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

Changes and amendments to the directive will be announced to the FSC Network immediately.

### **Note on use of this directive**

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

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| Code             | Title   | Status    |
|------------------|---|-----------|
| ADVICE 40-004-01 | FSC certified CoC contractors   | Withdrawn |
| ADVICE 40-004-02 | After the certificate issuance, when the company products will be eligible to carry the FSC logo?                   | Withdrawn |
| ADVICE 40-004-03 | Reduced labelling threshold of 50% for chip and fibre based products  | Withdrawn |
| ADVICE 40-004-04 | Use of uncontrolled co-products   | Withdrawn |
| ADVICE 40-004-05 | Identification of FSC claims on sales and delivery documents  | Withdrawn |
| ADVICE 40-004-06 | Which components of a product need to be certified?   | Withdrawn |
| ADVICE 40-004-07 | Sale of FSC certified products through non-FSC certified auction entities   | Withdrawn |
| ADVICE 40-004-08 | Non-conforming product  | Withdrawn |
| ADVICE 40-004-09 | Minor components  | Withdrawn |
| ADVICE 40-004-10 | Access to information required by timber legality legislations  | Withdrawn |
| ADVICE 40-004-11 | Trade and customs laws  | Withdrawn |
| ADVICE 40-004-12 | Pre-consumer reclaimed wood compliance with the EUTR  | Withdrawn |
| ADVICE 40-004-13 | Classification of pre-consumer reclaimed paper as equivalent to FSC certified and post-consumer reclaimed materials | Withdrawn |
| ADVICE-40-004-14 | Supply chain integrity  | Withdrawn |

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| ADVICE-40-004-15         | Neutral materials that cannot be distinguished from FSC certified ingredients   | Valid     |
| ADVICE-40-004-16         | Disassociated organizations operating as outsourcing contractors  | Valid     |
| ADVICE-40-004-17         | Claiming 100% reclaimed products as FSC Mix   | Valid     |
| ADVICE-40-004-18<br>V1-0 | Addressing deliberate false claims  | Withdrawn |
| ADVICE-40-004-18<br>V2-0 | Addressing false FSC claims on products/projects containing material from unacceptable sources  | Valid     |
| ADVICE-40-004-19         | Species information in FSC Product Groups   | Withdrawn |
| ADVICE-40-004-20<br>V1-0 | Confirmation of origin for FSC certified <i>Paulownia</i> products  | Withdrawn |
| ADVICE-40-004-20<br>V2-0 | Confirmation of origin for FSC certified products from species of a particular risk to FSC's integrity  | Valid     |
| ADVICE-40-004-21         | Moratorium on sales of wood and wood products with FSC certified or FSC Controlled Wood claims originating from sanitary logging from Irkutsk Oblast region of Russia | Valid     |
| ADVICE-40-004-23<br>V1-0 | Evaluation of contractors against the FSC core labour requirements  | Valid     |
| ADVICE-40-004-23<br>V2-0 | Evaluation of contractors against the FSC core labour requirements  | Valid     |
| ADVICE-40-004-24         | Evaluation of FSC core labour requirements using FSC approved verification schemes  | Valid     |
| ADVICE-40-004-25         | Requirements for the organization to provide information to the certification body (CB) for Annual Administration Fee (AAF) calculation                               | Valid     |
| ADVICE-40-004-26         | Inclusion of the Regulatory Claim   | Valid     |
| ADVICE-40-004-27         | Inclusion of the FSC CFM claim in the Chain of Custody Certification  | Valid     |

## A. SCOPE

This document provides FSC's formal interpretation of the requirements included in FSC-STD-40-004.

## B. REFERENCES

The following referenced documents are indispensable for the application of this document. For undated references, the latest edition of the referenced document (including any amendments) applies:

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

## C. TERMS AND DEFINITIONS

For the purposes of this document, terms and definitions are provided in [<FSC-STD-01-002 FSC Glossary of Terms>](#) and in [<FSC-STD-40-004 Standard for Chain of Custody Certification>](#). Further advice-related definitions may be provided in the context of each advice.

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

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

**Directives:** compilations of Advice Notes.

**Verbal forms for the expression of provisions:**

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

- “shall”: indicates requirements strictly to be followed in order to conform with the standard.
- “should”: indicates that among several possibilities one is recommended as particularly suitable, without mentioning or excluding others, or that a certain course of action is preferred but not necessarily required. A ‘should requirement’ can be met in an equivalent way provided this can be demonstrated and justified.
- “may”: indicates a course of action permissible within the limits of the document.
- “can”: is used for statements of possibility and capability, whether material, physical or causal.

## Part 1 General Issues

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

## Part 2 FSC Advices

|                         |                                      |
|-------------------------|--------------------------------------|
| <b>ADVICE-40-004-01</b> | <b>FSC certified CoC contractors</b> |
| Status                  | Withdrawn                            |

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| <b>ADVICE-40-004-02</b> | <b>After the certificate issuance, when the company products will be eligible to carry the FSC logo?</b> |
| Status                  | Withdrawn  |

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| <b>ADVICE-40-004-03</b> | <b>Reduced labelling threshold of 50% for chip and fibre based products</b> |
| Status                  | Withdrawn   |

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| <b>ADVICE-40-004-04</b> | <b>Use of uncontrolled co-products</b> |
| Status                  | Withdrawn                              |

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| <b>ADVICE-40-004-05</b> | <b>Identification of FSC claims on sales and delivery documents</b> |
| Status                  | Withdrawn   |

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| <b>ADVICE-40-004-06</b> | <b>Which components of a product need to be certified?</b> |
| Status                  | Withdrawn  |

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| <b>ADVICE-40-004-07</b> | <b>Sale of FSC certified products through non-FSC certified auction entities</b> |
| Status                  | Withdrawn  |

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| <b>ADVICE-40-004-08</b> | <b>Non-conforming product</b> |
| Status                  | Withdrawn                     |



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| <b>ADVICE-40-004-09</b> | <b>Minor components</b> |
| Status                  | Withdrawn               |

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| <b>ADVICE-40-004-10</b> | <b>Access to information required by timber legality legislations</b> |
| Status                  | Withdrawn   |

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| <b>ADVICE-40-004-11</b> | <b>Trade and customs laws</b> |
| Status                  | Withdrawn                     |

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| <b>ADVICE-40-004-12</b> | <b>Pre-consumer reclaimed wood compliance with the EUTR</b> |
| Status                  | Withdrawn   |

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| <b>ADVICE-40-004-13</b> | <b>Classification of pre-consumer reclaimed paper as equivalent to FSC certified and post-consumer reclaimed materials</b> |
| Status                  | Withdrawn  |

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| <b>ADVICE-40-004-14</b> | <b>Supply chain integrity</b> |
| Status                  | Withdrawn                     |

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| <b>ADVICE-40-004-15</b> | <b>Neutral materials that cannot be distinguished from FSC certified ingredients</b>  |
| Normative reference     | FSC-STD-40-004 V3-1 Clause 12.2   |
| Effective date          | 08 September 2017. Amended in 30 January 2018.  |
| Background              | <p>The FSC Board has approved in its 74<sup>th</sup> Meeting in February 2017 the inclusion of a new requirement in the FSC Chain of Custody normative framework to address the problem of misleading claims on FSC products that contain neutral materials that cannot be distinguished from FSC certified input materials. Some examples of these products are:</p> <ul style="list-style-type: none"> <li>- Paper made of a combination of forest (virgin or reclaimed) and agricultural fibres (cotton, sugar cane);</li> </ul> |

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|        | <ul style="list-style-type: none"> <li>- Tires made of a combination of natural and synthetic rubber;</li> <li>- Briquettes made of a combination of forest and agricultural residues;</li> <li>- Textiles made of a combination of wood and other organic fibres (cotton).</li> </ul> <p>The absence of requirements to regulate such products was posing a potential risk for the FSC credibility, since consumers may perceive claims made on these FSC products as misleading (e.g. a paper that is 95% made of cotton and 5% FSC certified being labelled as FSC 100%).</p> <p>After the publication of this advice note, FSC received stakeholder feedback about anticipated negative impacts of the requirement regarding the specification of the certified ingredient(s) on the FSC label. In order to further evaluate these impacts and potential solutions, FSC decided to suspend this requirement until FSC has completed the evaluation of the requirement and provided a final decision about its implementation.</p> |
| Advice | <p>FSC certified products that contain neutral materials that cannot be distinguished from FSC certified ingredients and may be misinterpreted as being FSC-certified (e.g. non-certified agricultural materials such as cotton fibre used in FSC certified paper, synthetic rubber used in combination with natural rubber in the production of tires) shall only be labelled and claimed as FSC Mix.</p> <p>NOTE: This advice note does not apply to inorganic materials that have a different function in the product in relation to the certified ingredient (e.g. glass, plastic, metal) or to products where the FSC certified ingredient is distinguishable from other ingredients (e.g. cosmetics containing FSC certified plant extract that is clearly specified to consumers).</p>   |

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| <b>ADVICE-40-004-16</b> | <b>Disassociated organizations operating as outsourcing contractors</b>  |
| Normative reference     | FSC-STD-40-004 V3-1 Clause 13.4 e)   |
| Effective date          | 08 September 2017.   |
| Background              | <p>The FSC-STD-40-004 V3-0 that has been published on the 01 January 2017 introduced a new requirement about outsourcing contracts, which specifies that contractors shall notify certificate holders within 10 business days if they have been included in the list of organizations that are disassociated from FSC. FSC received considerable negative feedback on this requirement, mainly related to the considerable impact on existing contracts to address an unclear risk for the system integrity. Based on this, FSC decided to re-evaluate the impacts and relevance of this requirement, and consequently delay its implementation until a final decision has been taken.</p> |
| Advice                  | <p>Organizations are not required to include the provisions specified in Clause 12.4 e) in their outsourcing contracts until FSC has completed the evaluation of the requirement and provided a final decision about its implementation.</p> <p>NOTE: Once this decision has been taken, this advice will be updated accordingly.</p>  |

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| <b>ADVICE-40-004-17</b> | <b>Claiming 100% reclaimed products as FSC Mix</b>   |
| Normative reference     | FSC-STD-40-004 V3-1 Clause 5.9   |
| Effective date          | 30 January 2018.   |
| Background              | FSC-STD-40-004 V3-0 that has been published on 01 January 2017 specifies that products that are 100% made of reclaimed materials shall only be claimed as FSC Recycled and cannot be claimed as FSC Mix. FSC was informed about significant negative implications of this requirement for some certificate holders. Based on this input, FSC decided to re-evaluate the impacts and relevance of this requirement, and consequently to delay its implementation until a final decision has been taken. |
| Advice                  | Organizations are allowed to claim products that are 100% made of reclaimed materials as FSC Mix until FSC has completed the evaluation of the requirement and provided a final decision about its implementation.<br><br>NOTE: Once this decision has been taken in late March 2018, this advice will be updated accordingly.   |

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| <b>ADVICE-40-004-18<br/>V1-0</b> | <b>Addressing deliberate false claims</b> |
| Status                           | Withdrawn                                 |

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| <b>ADVICE-40-004-18<br/>V2-0</b> | <b>Addressing false FSC claims on products/projects containing material from unacceptable sources</b>   |
| Normative references             | FSC-PRO-10-003 V1-1<br>FSC-STD-20-001, Clauses 1.2.3 i) & 1.4.5 b)<br>FSC-STD-20-007, Clause 8.1<br>FSC-STD-20-011 V4-1, Clauses 4.1, 7.4 and 9.1<br>FSC-STD-20-012, Clauses 7.1 & 4.5<br>FSC-STD-30-010, Clauses 1.5 & 1.6<br>FSC-STD-40-003 V2-1 Clause 5.1.2<br>FSC-STD-40-004 V3-1 Clauses 1.1, 1.8, 2.3 and 13.3 |
| Approval date                    | 06 April 2020; amendment 25 October 2021  |
| Effective date                   | From 01 January 2022 until withdrawn  |
| Scope                            | This Advice Note addresses situations where ineligible input is used in products and projects claimed, labelled and/or promoted as FSC certified or FSC Controlled Wood.  |

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|                              | <p>The Advice Note primarily applies to certified organizations who have generated such a false claim and specifies the actions for them, their certification bodies (CBs), as well as for Assurance Services International (ASI) and FSC to address these false claims.</p> <p>It further applies to organizations adding new group members/sites and certificate holders/organizations outsourcing services - to prevent them from developing business relations with organizations who generated false claims and have been blocked from the FSC system.</p> <p>This Advice Note does not apply to situations where organizations have generated inaccurate claims. The applicable requirements of the <i>Chain of Custody Certification</i> FSC-STD-40-004 standard shall continue to be used to regulate inaccurate claims.</p>   |
| <p>Terms and definitions</p> | <p><b>Blocked Organization:</b> A certificate holder or a former certificate holder that is blocked from the FSC Certification Scheme in response to False Claims by:</p> <ul style="list-style-type: none"> <li>i. the suspension of the Granted Rights to use the FSC trademarks, alternatively the termination of the License Agreement for the FSC Certification Scheme, <i>and</i></li> <li>ii. the restriction from carrying out processes or activities that are included within the scope of their FSC certification as a result of suspension/termination of FSC certification, <i>and</i></li> <li>iii. prevention of re-entry to the FSC system by re-certification or by becoming a member of a Group or Multi-site COC certification, or by becoming a contractor for other certificate holders with valid FSC certification.</li> </ul> <p>NOTE 1: An organization may be blocked from the FSC system for reasons other than as a response to False Claims. The above definition is provided in the context of this Advice Note.</p> <p>NOTE 2: For organizations having Group CoC certification, the blockage will apply to the whole group in case root cause analysis establishes that the false claim developed due to a failure (negligent or deliberate) at the group level (or Group manager level). In other scenarios, if the root cause analysis establishes the development of the false claim to a failure at the group member level, then this Advice Note will apply at the Group member level.</p> <p><b>Clear and convincing evidence:</b> Evidence available to the certification body, ASI and/or FSC or to the Blocked Organization that supports a conclusion that a fact is substantially more probable to be true than not. Clear and convincing evidence shall be supported by documents, facts, other information, or records, either quantitative or qualitative, that can be verified through analysis, observation, measurement, and other means of research (See Graphic 1).</p> <p><b>Contractor:</b> Individual, company, or other legal entity contracted by an organization for any activities under the scope of an FSC COC certificate.</p> <p><b>CPR measures:</b> The collection of corrective, preventive and remedial measures to be implemented by an organization to address a False Claim incident.</p> |

**Corrective measures** – aimed primarily at stopping the further circulation of non-conforming products and related promotional claims.

**Preventive measures** – aimed at preventing future occurrence and shall be developed based on a root cause analysis to be conducted by the organization responsible for the False Claim incident.

**Remedial measures** – aimed at compensating for any volume of False Claims released into the market which had not been properly allocated to and deducted from the relevant product group volume accounts. In such cases, the organization responsible for a False Claim incident shall take remedial measures by using (purchasing, allocating from existing stock, and/or deducting credits) the same volume of FSC input material that would have been necessary to correctly produce the non-conforming products. (Refer Clauses 7.1-7.4 for further information on implementing remedial measures.)

**False Claim:** FSC claim made on sales documents (physical or electronic) or the use of the FSC trademarks, on products and/or for projects that are not eligible to be claimed, labelled and/or promoted as being FSC-certified or FSC Controlled Wood. A False Claim is different from an inaccurate claim, in which a product, that is eligible to be sold as FSC certified, is sold with the wrong claim.

**Deliberate False Claim:** A False Claim that has been made deliberately/intentionally by an organization with knowledge and awareness of the consequences. Clear and convincing evidence is required to determine a False Claim incident as deliberate.

**Negligent False Claim:** A False Claim that has been made by an organization due to its failure to exercise reasonable care. A negligent False Claim would result in the unintentional application of an FSC claim on sales documents (physical or electronic) or the use of the FSC trademarks, on products and for projects that are not eligible to be claimed, labelled and/or promoted as being FSC-certified or FSC Controlled Wood.

**Other False Claim:** A False Claim that has been made neither deliberately, nor due to the failure of the organization to exercise reasonable care, but under exceptional or uncontrollable circumstances. Typically, these circumstances cannot be reasonably anticipated, hence a differentiating characteristic is that it cannot be expected at reasonable costs for the organization to have preventive measures in place to prevent the (re-)occurrence of relevant False Claims. Clear and convincing evidence is required to determine a False Claim incident as 'other'.

**False Claim incident:** A single instance of a False Claim that can be attributed to a root cause. Multiple incidents of False Claims may originate from the same root cause.

**False Claim event:** One or several incidents of False Claims which originate from the same root cause. All these instances of False Claims (which would normally trigger a single non-conformity in an assessment) count as one False Claim event for the purpose of this Advice Note.

**FSC Certification database:** A computer-based system containing *inter alia* information on Certification Data, Certification Bodies, Certificate Holders and other license holders. It includes a search function which is publicly accessible

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|            | <p>at <a href="http://search.fsc.org">search.fsc.org</a> ('<b>FSC Public Search</b>') and which enables producers, traders and consumers to verify the status and scope of an FSC Certification as well as provides transparency for stakeholders.</p> <p><b>FSC Trademark License Agreement:</b> The License Agreement for the FSC Certification Scheme signed by the certificate holder permitting use of the FSC trademarks ('licensed materials').</p> <p><b>Granted Rights:</b> The right to use the FSC trademarks for FSC claims, as defined in FSC-STD-40-004, for on-product labeling on FSC-certified products and for promotional use worldwide as licensed and further regulated by via the FSC Trademark License Agreement.</p> <p><b>Inaccurate claim:</b> FSC claim made on sales documents (physical or electronic) on products and for projects that are eligible to be claimed as being FSC-certified or FSC Controlled Wood but have been sold with the wrong claim.</p> <p><b>Negligence:</b> Failure to exercise reasonable care.</p> <p><b>Non-conforming product:</b> Product or material for which an organization is unable to demonstrate that it conforms to the applicable FSC certification requirements and eligibility requirements for making FSC claims.</p> <p><b>NCP requirements:</b> The requirements (consisting of procedures and activities) for organizations to address non-conforming products, as defined in Clause 1.6 of FSC-STD-40-004 V3-0.</p> <p><b>Self-declared False Claim:</b> A False Claim is considered self-declared if the organization:</p> <ol style="list-style-type: none"> <li>a. detects it in an unforced manner, <i>and</i></li> <li>b. notifies its certification body and all affected direct customers in writing within five business days of the detection, and maintain records of that notice, <i>and</i></li> <li>c. analyzes the root cause for occurrence of the False Claim, and implement measures to prevent their reoccurrence, <i>and</i></li> <li>d. cooperates with its certification body in order to allow the certification body to confirm that appropriate actions were taken to correct the non-conformity.</li> </ol> <p>NOTE: False Claims declared by organizations which are subject to a transaction verification or any other announced or ongoing investigation would not be considered to be made unforced and hence not fall into this category.</p> |
| Background | <p>In November 2016, the FSC Board of Directors approved the revised versions of FSC-STD-40-004 (V3-0), FSC-STD-20-011 (V4-0) and an additional set of actions for ensuring supply chain integrity and addressing false claims in the FSC system.</p> <p>However, there was observed a clear need to have specific actions to prevent organizations who, either due to negligence or deliberate actions, affect the integrity of the FSC system. These include measures to 'block' such organizations from the FSC system and initiate a series of preventive and corrective measures to address the issue of false claims. In addition, there was also a need to ensure that organizations do not inadvertently enter into a</p>   |

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|        | <p>business relationship with a Blocked Organization when they outsource services or want to add a new group member or a participating site.</p> <p>NOTE: For organizations responsible for a false claim event or for those who were not responsible (but who have passed on false claims unknowingly), the actions to address the delivery of non-conforming products are defined in Clause 1.6 of FSC-STD-40-004.</p>  |
| Advice | <p><b>1 <u>Identifying and recording False Claims</u></b></p> <p>1.1 Upon detection of a False Claim incident, either by the CB and/or ASI, or detected by FSC/ASI (as a response to a complaint), or self-declared by the organization,</p> <p>1.1.1 <b>The certification body shall</b> register the False Claim event on the FSC certificate database as a Transaction Verification (TV) finding for further investigation. This shall be done even if the False Claim incident was detected outside a Transaction Verification (TV) investigation.</p> <p>1.1.2 <b>The certification body shall</b> verify that the organization has informed its downstream buyers that products with False Claims were delivered to them.</p> <p>1.1.3 <b>The certification body shall</b> verify the relevance and accuracy of the root cause analysis undertaken by the organization (see Clause 1.1.4 below) as a response to a False Claim incident.</p> <p>NOTE 1: The registration of the False Claim on the FSC database is not dependent on the final classification of the False Claim as negligent, deliberate or other.</p> <p>NOTE 2: FSC or ASI may independently or jointly identify and investigate False Claims.</p> <p>1.1.4 <b>The organization shall</b> undertake a root cause analysis to determine the reason for occurrence of the False Claim and identify appropriate measures to address the root cause.</p> <p>1.1.5 <b>FSC and/or ASI will</b> classify the False Claim incident, based on the root cause analysis undertaken by the organization, as either:</p> <ul style="list-style-type: none"> <li>a. Deliberate False Claim, <i>or</i></li> <li>b. Negligent False Claim, <i>or</i></li> <li>c. 'Other' False Claim.</li> </ul> <p>NOTE 1: For classifying the False Claim event as deliberate/negligent/other, FSC/ASI would consider the root cause analysis provided by the organization, but the classification decision does not need to be based on that analysis only. FSC/ASI may look at other sources of information also.</p> <p>NOTE 2: Clear and convincing evidence is used as a basis to determine whether a False Claim incident is classified as 'deliberate' or 'other' (neither deliberate nor negligent). In the absence of clear and convincing evidence (presented by FSC or ASI to qualify a False Claim as 'deliberate', or by the</p> |

organization to qualify as 'other'), the default classification would be 'negligent'.

## **2 Response to False Claims**

Depending on the nature and frequency of a False Claim incident, the response to a False Claim shall be as per one of the following scenarios (See Graphic 2):

### **2.1 Scenario 1: 'Other' False Claim incident**

2.1.1 **The organization** shall implement the requirements of FSC-STD-40-004 pertaining to non-conforming products (Hereafter referred to as "NCP requirements").

### **2.2 Scenario 2: Negligent False Claim incident**

2.2.1 **The organization** shall implement the NCP requirements; and

2.2.2 **The organization** shall implement the corrective, preventive and remedial measures (CPR measures – as defined in the section 'Terms and Definitions' above).

2.2.3 The **certification body** shall review the implementation of these measures as part of the 'Corrective Action Request' issued by the certification body in response to the False Claim.

NOTE: A 'self-declared' False Claim shall be treated in the same manner as a negligent False Claim incident.

### **2.3 Scenario 3: Negligent False Claim events – three (3) or more within a five (5) year period**

2.3.1 **The organization** shall implement NCP requirements **and** CPR measures. This will be a pre-condition for the Blocked Organization to reenter the FSC system post the blockage period.

2.3.2 **FSC** will:

- a) suspend the Granted Rights held by the organization according to the FSC Trademark License Agreement or terminate the FSC Trademark License Agreement, whichever is most appropriate to protect the integrity, trust and credibility of the FSC Certification Scheme as well as customers, other participating certificate holders but also FSC International, *and*
- b) block the organization from the FSC Certification Scheme for the period of three (3) to sixty (60) months (see exception under 2.3.4 below), *and*
- c) inform the relevant certification body about the results and consequences of the investigation and the blocked status of the organization.

NOTE 1: The exact duration of the blockage is specified in FSC-PRO-10-003.

NOTE 2: Self-declared False Claims are exempted from scenario 3.

2.3.3 **The certification body** shall:

- a) suspend or terminate all FSC certifications of the Blocked Organization.



b) update the FSC Certification database to indicate the Blocked Organization's certification status as 'Suspended' or 'Terminated' (Clause 1.4.7 of FSC-STD-20-001 V4.0) based on Clause 2.3.2 c); and

c) inform the Blocked Organization of its suspension/termination status as per Clause 1.4.8 of FSC-STD-20-001 V4.0.

NOTE: The five (5) year period is triggered with the first negligently made False Claim incident and the False Claim count is regardless of the regular cycle for FSC Certification.

2.3.4 The Blocked Organization can have the status "Suspended and Blocked" or "Terminated and Blocked" revoked before the end of the duration of the blockage if it is confirmed that the Blocked Organization has fulfilled the following requirements:

a) **by the certification body:** implementation of NCP requirements and CPR measures; and

b) **by FSC:** payment of the compensation fee in accordance with FSC-PRO-10-003 and any other applicable conditions established by FSC to remedy the shortcomings.

**2.4 Scenario 4: Deliberate False Claim incident** – investigation conducted by FSC or ASI concludes that the organization deliberately made a False Claim

2.4.1 The **Blocked Organization** shall implement the NCP requirements **and** undertake the CPR measures. This will be a pre-condition for the Blocked Organization to reenter the FSC system post the blockage period.

2.4.2 **FSC** will:

a) suspend the Granted Rights held by the organization according to the FSC Trademark License Agreement or terminate the FSC Trademark License Agreement, whichever is most appropriate to protect the integrity, trust and credibility of the FSC Certification Scheme as well as customers, other participating certificate holders but also FSC International, *and*

b) block the organization from the FSC Certification Scheme for two consecutive and equivalent periods, each ranging in duration from three (3) to sixty (60) months (see exception under 2.4.5 below), *and*

c) inform the relevant certification body about the results of the investigation and the blocked status of the organization.

NOTE: The exact duration of the individual blockage periods is specified in FSC-PRO-10-003.

2.4.3 **The certification body** shall:

a) suspend or terminate all FSC certifications of the Blocked Organization.

b) update the FSC Certification database to indicate the Blocked Organization's certification status as 'Suspended and Blocked' or 'Terminated and Blocked' (Clause 1.4.7 of FSC-STD-20-001 V4.0) based on Clause 2.4.1 c); and

c) inform the Blocked Organization of its suspension/termination status as per Clause 1.4.8 of FSC-STD-20-001 V4.0.

2.4.4 **For deliberate False Claims, FSC will not revoke the status “Suspended and Blocked” or “Terminated and Blocked” before the end of the duration of the first period of blockage.**

2.4.5 The Blocked Organization can have the status “Suspended and Blocked” or “Terminated and Blocked” revoked **after the end of the first period of blockage** and before the end of the duration of the second period of blockage if it is confirmed that the Blocked Organization has fulfilled the following requirements:

a) **by the certification body:** implementation of NCP requirements and CPR measures; and

b) **by FSC:** payment of the compensation fee in accordance with FSC-PRO-10-003 and any other applicable conditions established by FSC to remedy the shortcomings.

NOTE: The revocation of the blocked status for deliberate False Claims by payment of compensation fees is only applicable to the second period of blockage. This will only be possible after the organization has stayed blocked from the FSC system for the first period.

2.4.6 **The implementation of the NCP requirements and CPR measures shall be verified by the certification body that is recertifying the Blocked Organization at the end of its blockage period.**

### **3 Consequences for Blocked Organizations**

3.1 For the duration of the blockage, the relevant **certification body** shall suspend/terminate the organization’s FSC certification. As a consequence of this, the **Blocked Organization** shall not trade, process, manufacture, label, store, or transport FSC material or undertake any activity as part of their certification scope.

3.2 **Certification bodies** shall not grant, maintain, transfer, or reinstate the certification of Blocked Organizations while they have the status “Suspended and Blocked” or “Terminated and Blocked” in the FSC Certification database.

3.3 If a Blocked Organization's status is 'Suspended and Blocked,' and the suspension period has exceeded twelve (12) months or in exceptional cases, up to eighteen (18) months (FSC-STD-20-001, Clause 4.7.5) and the Blocked Organization has not implemented the measures specified in Clause 2.3.4 a) and b) and Clause 2.4.4, the **certification body** shall terminate the Blocked Organization’s certification and the status of the Blocked Organization shall be updated to “Terminated and Blocked”.

3.4 The **Blocked Organization** shall fulfill all the conditions specified in this advice note, and the applicable requirements in the FSC Normative Framework, including, but not limited to FSC-PRO-10-003 and further instructions during the duration of blockage.

NOTE: If a False Claim is made by a group member or participating site, then this Advice Note applies to that specific group member or participating site and not to the Central Office. In case False Claims are made by multiple group members or participating sites, then this Advice Note applies to each individual member/site who made the False Claim. In addition, the requirements of FSC-STD-40-003 (Clause 4.2, and Annex 2 – Clause 1.2 and Clause 2) also apply.

**Organizations outsourcing services or adding a new group member or participating site**

- 3.5 In the case of outsourcing agreements, the contracting **organization** shall not outsource services related to FSC material to organizations that are listed as ‘suspended and blocked’ or ‘terminated and blocked’ on the FSC Certification Database.
- 3.6 **Organizations** with valid FSC certification shall verify if another organization is blocked in the FSC database and consider the Blocked Organization ineligible for any of the following activities:
- i. adding a new group member to the Group COC certification or
  - ii. adding a participating site to the Multi-site COC certification.

**Certification bodies adding sites or members and verifying outsourcing agreements**

- 3.7 In the case of a Group or Multi-site COC certification, the **certification body** shall verify the organization’s status in the FSC Certification database before adding new participating site to the Multi-site COC certification or adding a new group member to the Group COC certification.
- 3.8 In case of sub-contractors, the **certification body** shall verify the sub-contractor’s status in the FSC Certification database and shall not verify any outsourcing agreement where the sub-contractor is listed as ‘suspended and blocked’ or ‘terminated and blocked’ on the FSC Certification Database.

**4 Lifting the blockage**

- 4.1 Upon receiving a request for unblocking from a Blocked Organization, **FSC** will evaluate the integrity and/or reputational risk posed by the organization and decide whether to unblock the organization.

NOTE 1: FSC reserves the right to reinstate and unblock the Blocked Organization based on its assessment of individual cases. As such, based on the integrity/reputational risk, it can also choose not to unblock an organization.

NOTE 2: The organization may be subject to additional monitoring measures specified by ASI/FSC as conditional to lifting the blockage. The organization would be required to fulfill these additional measures and that might result in additional ongoing expenses for unannounced audits, documents review etc.

NOTE 3: In the case of identified risks to the integrity of the FSC system, FSC may also require the Blocked Organization to participate in transaction

verification activities or participate in the FSC wood identification programme or both.

NOTE 4: FSC may, at its discretion, enter into a Memorandum of Understanding (MoU) with the Blocked Organization, as a response to the False Claim. The MoU may contain specific additional conditions on a case by case basis for organizations to the blockage to be lifted. In such situations, the provisions of the MoU supersede this Advice Note, unless specified otherwise.

4.2 If **FSC** decides to unblock the organization, it will issue an invoice for payment of the compensation fee after fulfillment of Clause 2.3.4 a) or Clause 2.4.5 a) as applicable.

## **5 Contesting a blocked status and compensation fee**

5.1 The **organization** which has been blocked according to Clauses 2.3.2 or 2.4.2 may submit evidence to contest the blockage decision made by FSC as specified in FSC-PRO-10-003.

## **6 Duty to cooperate with investigation**

6.1 **Organizations** are obligated to use its commercially reasonable efforts to take all actions to assist and cooperate with FSC, ASI and/or CB in doing all things necessary or advisable to perform the investigations into False Claims. In case the organization fails to cooperate in this regard, FSC can block the organization for the period up to one hundred twenty (120) months.

## **7 For implementing Clause 2.2.1 (Remedial measures)**

7.1 Within three (3) months of detection of the False Claim, the **organization** that produced and released non-conforming product shall purchase or allocate from existing stock an equivalent amount of eligible FSC input material to the corresponding product group.

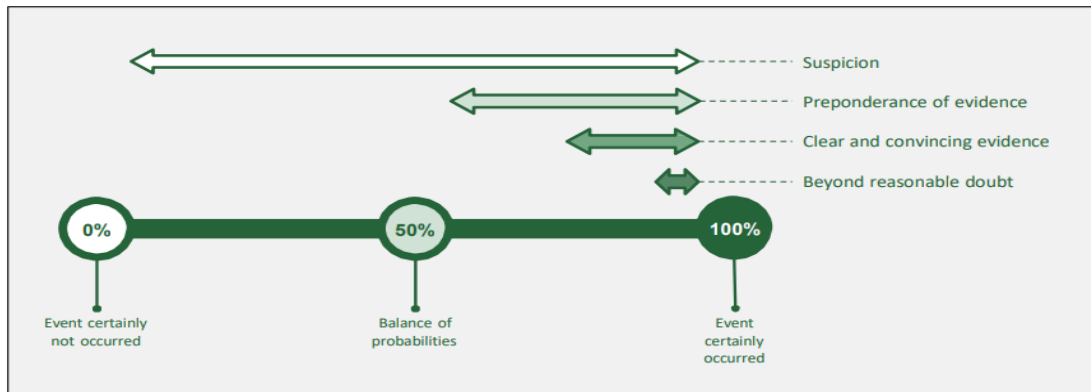
NOTE 1: If corresponding FSC credits / percentage volumes had been allocated / deducted to the non-conforming products from the product group volume accounts and only ineligible material had been used resulting in the False Claim event, then this requirement is considered to be covered.

NOTE 2: In case the organization is not able to purchase an equivalent amount of FSC input material (due to lack of availability, capacity etc.), the certification body may, under exceptional circumstances, extend the period for implementing remedial measures to up to 12 months from the date of detection of the False Claim, provided the organization is able to justify the delay and has made credible and verifiable measures to start procurement of the equivalent quantity of FSC input material.

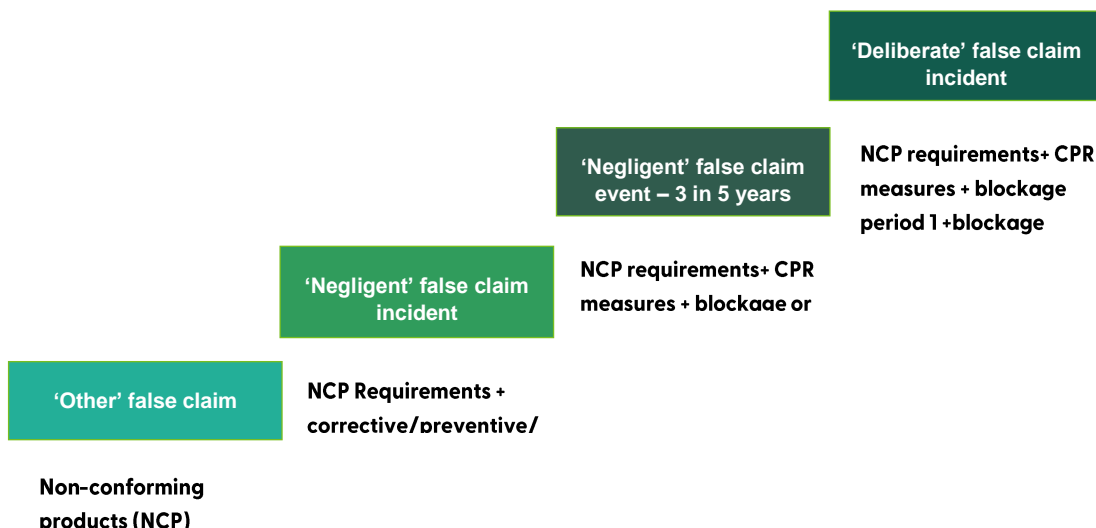
7.2 If the non-conforming products carrying False Claims cannot be recalled, de-labeled or otherwise stopped from reaching the destined final customer, the purchased or allocated FSC input material shall not be used to produce new, conforming product, but instead any FSC credits or percentage values carried by that material would be void

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|  | <p>(products made from such material shall not be sold with the FSC claim).</p> <p>NOTE: In other cases, the organization may produce and release 'conforming product' from that FSC input.</p> <p>7.3 If the <b>organization</b> cannot purchase / allocate such an amount (e.g., because there is no such material available), then it shall pay a compensation fee to FSC in accordance with FSC-PRO-10-003.</p> <p>7.4 If the <b>organization</b> cannot or does not pay the compensation fee, then it will be blocked in accordance with FSC-PRO-10-003.</p> <p>NOTE: The organization has to implement remedial measures irrespective of its blocked status. Implementation of remedial measures is independent of whether the organization is paying the compensation fee to avoid blockage.</p> |
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**Graphic 1. Standard of certainty on a probability scale**



**Graphic 2: Hierarchy of scenarios and applicable requirements**



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| <b>ADVICE-40-004-19</b> | <b>Species information in FSC Product Groups</b> |
| Status                  | Withdrawn  |

|                                |   |
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| <b>ADVICE-40-004-20 (V1-0)</b> | <b>Confirmation of origin for FSC certified <i>Paulownia</i> products</b> |
| Status                         | - Withdrawn   |

|                                |  |
|--------------------------------|--|
| <b>ADVICE-40-004-20 (V2-0)</b> | <b>Confirmation of origin for FSC certified products from species of a particular risk to FSC's integrity</b>  |
| Normative reference            | <p>FSC-STD-40-004 V3-1,</p> <ul style="list-style-type: none"> <li>- Clause 2.1</li> <li>- Clause 2.2</li> <li>- Clause 2.4</li> <li>- Clause 5.1</li> <li>- Clause 8.3 c);</li> </ul> <p>FSC-STD-20-011 V4-2</p> <ul style="list-style-type: none"> <li>- Clauses 2.2 a)</li> <li>- Section 12, Table B</li> </ul>  |
| Scope                          | <p>This Advice Note applies to all CoC-certified and applicant organizations sourcing FSC-certified material or trading products made with species of a particular risk to FSC's integrity and carrying an FSC claim (see Annex I). The Advice Note is also applicable to all organizations that have FSC-certified material in stock and products manufactured from pre-existing FSC-certified raw material stocks.</p> <p>This Advice Note does not apply to the CoC-certified organizations dealing with controlled material / FSC Controlled Wood verified through a due diligence system as specified in <u>&lt;FSC-STD-40-005 V3-1 Requirements for Sourcing FSC Controlled Wood&gt;</u>.</p> <p>This Advice Note also applies to FSC-accredited certification bodies (CBs) responsible for evaluating CoC-certified organizations under the aforementioned condition.</p> |
| Approval date                  | 18 September 2023  |
| Effective date                 | 01 January 2024  |
| Transition end date            | 01 April 2024  |

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| <p>Background</p> | <p>In 2019 FSC commissioned ASI to undertake a Transaction Verification for FSC certified <i>Paulownia</i> products traded in 2018 and 2019. The Transaction Verification investigation was concluded in 2020 and revealed systematic violations of certification requirements by organizations that were trading non-certified <i>Paulownia</i> products as certified in absence of any sales of <i>Paulownia</i> from FSC forest management units. In order to ensure FSC's system integrity, in 2021 FSC introduced an Advice Note ADVICE-40-004-20 on Confirmation of origin for FSC certified <i>Paulownia</i> products. A year later, in 2022, the second Transaction Verification investigation for <i>Paulownia</i> products was launched by FSC and ASI to check besides other issues and the effectiveness of the Advice Note. No critical violations were identified and therefore the Advice Note proved to be a functional working tool to secure integrity of FSC certified <i>Paulownia</i> supply chains.</p> <p>A Transaction Verification on <i>Mangifera</i> and <i>Dalbergia</i> launched by FSC and ASI in 2022 showed a similar situation like <i>Paulownia</i> in FSC certified supply chains of <i>Mangifera</i> and <i>Dalbergia</i>, where a limited capacity of FSC certified forest management units could not be compatible with the volumes claimed in supply chains.</p> <p>Considering the effectiveness of the Advice Note ADVICE-40-004-20 on Confirmation of origin for FSC certified <i>Paulownia</i> products and with the intention of responding in an expedite manner to the risk of introduction of ineligible inputs of <i>Mangifera</i> and <i>Dalbergia</i> or any other species of a particular risk of integrity that FSC identifies via Transaction Verification or other investigations, FSC decides to take precautionary measures by expanding the scope of the ADVICE-40-004-20, as defined here below.</p> <p>Relevant species are identified by FSC after the conclusion of Transaction Verification or other investigations, where there is reasonable and convincing evidence that the trade in these species raises critical integrity risks for FSC.</p> |
| <p>Advice</p>     | <p><u>Section 1: Certificate holder requirements</u></p> <p>1.1. The organization shall not include species of a particular risk to FSC's integrity in their product group list, not accept relevant material as certified input into their certified product groups, nor label or sell products containing such material with an FSC claim unless the organization can trace the material to its forest management unit of origin through objective evidence.</p> <p>1.2. The organization that uses material from species of a particular risk based on Clause 1.1 above shall ensure that the full species information is recorded in the product groups list (and not only the genus).</p> <p>1.3. The organisation shall review and, if necessary, revise the product group list after a new species is added to Annex I.</p> <p><u>Section 2: Certification body requirements</u></p> <p>2.1. The certification body shall verify the accuracy and plausibility of the supplier documentation tracing the material back to the forest</p>   |

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|         | <p>management unit of origin. This verification shall be undertaken at a minimum during the annual evaluations.</p> <p>2.2. If the certification body comes to the conclusion that the supplier documentation is insufficient to clearly trace the material to the forest management unit of origin, the certification body shall inform FSC and ASI of the suspicion of false claim and share the relevant information.</p> <p>2.3. The certification body shall assess the organization's certification scope to include the species details and update the FSC database accordingly in case only the genus has been recorded.</p> <p>NOTE 1: FSC will update Annex I based on the conclusions of Transaction Verification or other investigations as deemed necessary.</p> <p>NOTE 2: In case that only the genus is listed, it applies to all species within this genus.</p> |
| Annex I | <p>This annex lists the species of a particular risk to FSC's integrity to which this advice note applies.</p> <ul style="list-style-type: none"> <li>• <i>Dalbergia latifolia</i></li> <li>• <i>Dalbergia scleroxylon</i></li> <li>• <i>Dalbergia sissoo</i></li> <li>• <i>Mangifera indica</i></li> <li>• <i>Paulownia spp.</i></li> </ul>   |

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| <b>ADVICE-40-004-21</b> | <b>Moratorium on sales of wood and wood products with FSC certified or FSC Controlled Wood claims originating from sanitary logging from Irkutsk Oblast region of Russia</b>   |
| Normative reference     | <p>FSC-STD-40-004 V3-1, Clauses 1.1.b), 1.6, 3.1 and 5.1</p> <p>FSC-STD-40-005 V3-1, Clause 2.1</p> <p>FSC-STD-RUS-V6-1-2012 V6-1, Indicators 8.3.1, 8.3.2 and 8.3.4</p> <p>FSC-STD-RUS-02.1-2020, Indicators 8.5.1 and 8.5.2</p>  |
| Scope                   | <p>Organizations with FM in their certification scope, having management units in Irkutsk Oblast of Russia and introducing FSC certified material into the market.</p> <p>Organizations with COC/CW in their certification scope sourcing controlled material through DDS (Due Diligence System) from Irkutsk Oblast of Russia.</p>  |
| Approval                | 14 July 2021   |
| Effective date          | 14 August 2021   |
| Terms & definitions     | <p><b>Sanitary logging</b> (transliteration from Russian “<i>sanitarno-ozdorovitelnye meropriyatiya</i>”; in Russian “<i>санитарно-оздоровительные мероприятия</i>”): in Russia and in some other countries is a combined term for sanitary logging and salvage logging, where sanitary logging is primarily a preventive forest management operation that seeks to maintain the health and value of the forest by removing weak or infected trees, and salvage logging is</p> |



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|                   | <p>an emergency operation to remove heavily damaged or dead trees after events like windfalls, fires or pest outbreaks. Salvage logging often has a sanitary function as well which makes it difficult to classify relevant interventions as one or the other.</p> <p>NOTE: This definition is used for the purpose of this advice note only.</p>  |
| <p>Background</p> | <p>Despite measures taken by the Russian government to address the issue of illegal sanitary logging, it remains a problem across the country, especially in Irkutsk Oblast, and a great concern for FSC. Over the past years, high levels of illegal sanitary logging and related high-profile cases have been observed in Russia, specifically in Irkutsk Oblast, including logging broader areas than defined in the permit, logging healthy trees, or having some authorities issue a permit without good reason. This issue has been noted by the Russian government, stakeholders, NGOs and confirmed by FSC in its National Risk Assessment for Controlled Wood for Russia (NRA) in 2018 and an FSC Russia study launched in December 2020. To mitigate the immediate risks, local authorities of Irkutsk Oblast temporarily stopped sanitary logging in the region in 2020 with a plan to reinstate it later.</p> <p>Although FSC certification requires that any type of forest management operations including sanitary logging is duly recorded and complies with relevant harvesting regulations, risks associated with illegal sanitary logging are presently not fully addressed in the National Forest Stewardship Standard for Russia (NFSS) and NRA.</p> <p>This advice note is developed to address the risk of wood from illegal sanitary logging in the Irkutsk Oblast region entering the FSC supply chain, with the consideration that it is the most problematic region of Russia in regard to sanitary logging and that the official pausing of sanitary logging in this region is to be lifted by the local government in 2021.</p> |
| <p>Advice</p>     | <ol style="list-style-type: none"> <li>1. Certificate holders with forest management in their certificate scope and having management units in Irkutsk Oblast of Russia shall not (either directly or through any affiliate organization) undertake sales or delivery of FSC certified material (in any form, including rough wood, sawn timber or any type of processed wood) harvested from sanitary logging in Irkutsk Oblast, Russia.</li> <li>2. Chain of custody certificate holders with <u>&lt;FSC-STD-40-005 Requirements for Sourcing FSC Controlled Wood&gt;</u> in their certificate scope implementing a DDS (Due Diligence System) shall not undertake sales or delivery of FSC certified material or FSC controlled wood (in any form, including rough wood, sawn timber or any type of processed wood) harvested from sanitary logging in Irkutsk Oblast, Russia.</li> </ol> <p>NOTE: This advice note may be withdrawn or modified once FSC establishes other normative or policy changes (in terms of interpretations, updates to Russian National Risk Assessment (NRA), update to Russian National Forest Management Standard (NFSS) etc.) to more effectively address the risk of material from sanitary logging areas in Irkutsk Oblast region illegally entering FSC supply chains.</p>   |

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| <b>ADVICE-40-004-23<br/>V1-0</b> | <b>Evaluation of contractors against the FSC core labour requirements</b>   |
| Normative reference              | <p>FSC-STD-40-004 V3-1:</p> <ul style="list-style-type: none"> <li>- Clause 1.6,</li> <li>- Clause 13.2,</li> <li>- Clause 13.4</li> <li>- Terms and definitions: 'Scope'</li> </ul> <p>FSC-STD-20-011 V4-2:</p> <ul style="list-style-type: none"> <li>- Section 9</li> </ul> <p>Clause 11.3</p>   |
| Scope                            | <p>This advice note applies to:</p> <ul style="list-style-type: none"> <li>- CoC certificate holders that outsource activities within the scope of their certification to non-FSC-CoC-certified contractors.</li> </ul> <p>Certification bodies auditing certificate holders under the aforementioned condition.</p>  |
| Approval date                    | 11 April 2023, amended 01 September 2023  |
| Effective date                   | 01 July 2023  |
| Transition end date              | 31 December 2024  |
| Background                       | <p>Clause 13.2 of <u>&lt;FSC-STD-40-004 V3-1 Chain of Custody Certification&gt;</u> states that activities subject to outsourcing agreements are those that are included in the scope of the organization's CoC certificate.</p> <p>Clause 11.3 of <u>&lt;FSC-STD-20-011 V4-2 Chain of Custody Evaluations&gt;</u> requires the certification body to design and implement a system for evaluating the relevance, effectiveness, and adequacy of the organization's self-assessment and conformity to Section 7 of <u>&lt;FSC-STD-40-004 V3-1 Chain of Custody Certification&gt;</u>, according to the scope, scale, intensity, and risk of the organization's operation. This allows each certification body to define individual requirements on how and when to conduct on-site audits for contractors or when not. To ensure that all certification bodies apply the same level of scrutiny and ensure a fair "level playing field" (i.e., audit conditions for organizations are not dependent on the certification body they choose) the following advice is provided.</p> <p>This advice note's objective is to provide clear instructions on how the FSC core labour requirements have to be applied to contractors operating under outsourcing agreements.</p> |
| Terms and definitions            | <b>First party audit:</b> an assessment that is performed within the organization by their own auditing resource (i.e., internal audit).  |

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|        | <p><b>Second-party audit:</b> an assessment that is performed by a person or organization that has an interest in the object of the assessment (e.g., an organization conducts an audit of their contractor).</p>   |
| Advice | <p><b>1. Inclusion of contractors within the organization’s self-assessment</b></p> <p>1.1 The organization shall include provisions in the outsourcing agreement with non-FSC-certified contractors which are specifying their commitment to the FSC core labour requirements or shall be able to refer to an internal policy of the contractor that is demonstrating such a commitment.</p> <p>1.2 The organization shall include non-FSC-certified contractors with an outsourcing agreement within their self-assessment which describes how the organization has confirmed the subcontractor’s conformity to the FSC core labour requirements.</p> <p>NOTE: Contractors who are certified by a verification scheme<sup>1</sup> identified by FSC as equivalent to the FSC core labour requirements are exempt from organizations’ self-assessments and certification bodies’ risk assessments, similar to FSC-certified contractors. Any observations or complaints about potential non-conformities should be shared with responsible certification bodies and verification scheme owners.</p> <p><b>2. Risk assessments of contractors’ conformity to the FSC core labour requirements</b></p> <p>2.1 In addition to the risk assessment of the organization’s chain of custody control system used during outsourcing activities with respect to the risks of mixing, substitution, or false claims, the certification body shall conduct a risk assessment of the organization’s control over their contractors’ conformity to the FSC core labour requirements.</p> <p>2.2 An outsourcing arrangement with a non-FSC-certified contractor can be classified as ‘low risk’ if the following applies:</p> <ul style="list-style-type: none"> <li>a) there are no substantiated complaints regarding the contractor’s conformity to the FSC core labour requirements since the last surveillance audit; <b>AND</b></li> <li>b) the previous evaluation has not resulted in any non-conformities in regard to the contractor’s conformity with the FSC core labour requirements; <b>AND</b></li> <li>c) the previous evaluation was conducted as an on-site audit at the contractor; <b>OR</b></li> <li>d) the contractor's conformity to the FSC core labour requirements described within the organization’s self-assessment is confirmed with evidence of documentation and records from a first-party or second-party audit conducted at least annually; <b>OR</b></li> </ul> |

<sup>1</sup> Verification schemes consist of voluntary sustainability standards (VSS), national and regional regulatory mechanisms, corporate practices, internal procurement policies, and sustainability initiatives.

NOTE: “Annually” is to be interpreted as follows: at least once per calendar year, but no later than 15 months after the last first- or second-party audit (determined by the date of the on-site visit).

- e) the contractor is in a country with a rating of 1 or 2 under the ITUC Global Rights Index<sup>2</sup> and with a CPI<sup>3</sup> score >50.

### **3. Evaluations of ‘low risk’ outsourcing agreements**

3.1 For outsourcing agreements classified as ‘low risk’ related to violations of FSC core labour requirements, the certification body shall at least conduct a desk-based audit of the contractor.

3.2 A desk-based audit shall cover at minimum verification of the organization’s conformity to clauses 1.1 and 1.2 above to identify any changes regarding:

- a) the contractor’s commitment towards the FSC core labour requirements (e.g., the existence of complaints);
- b) the status of the contractor’s country with respect to ITUC and CPI scores.

### **4. Evaluations of ‘high risk’ outsourcing agreements**

4.1 For outsourcing agreements classified as ‘high risk’ related to violations of FSC core labour requirements, the certification body shall conduct an on-site audit of the contractor.

NOTE: When ‘high risk contractors’ are located in different countries, the certification body may contract the following third parties to complete the audit:

- i. an FSC-accredited certification body; or
- ii. a certification body accredited to a verification scheme that is identified as equivalent to the FSC core labour requirements.

4.2 On-site audits shall include, in addition to the organization’s conformity to Clauses 1.1 and 1.2 above, interviews with personnel and site observations.

### **5. Sampling of contractors**

5.1 If more than one outsourcing agreement is identified as high risk, a sampling of relevant contractors according to Clause 9.6 of <FSC-STD-20-011 V4-2 Chain of Custody Evaluations>, can be applied.

NOTE: If the organization wants to include new high-risk outsourcing agreements in its certificate scope in the period between the certification body evaluations, Clause 9.5 of <FSC-STD-20-011 V4-2 Chain of Custody Evaluations>, applies accordingly.

5.2 The certification body may add relevant contractors to the pool of contractors identified as having high-risk situations with respect to mixing different input materials and take a sample from the overall resulting pool.

<sup>2</sup> The ITUC Global Rights Index rates countries on a scale from 1 to 5+ on the degree of respect for workers’ rights, <https://www.globalrightsindex.org/>

<sup>3</sup> Corruption Perception Index, <https://www.transparency.org/en/cpi/>

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|  | <p>In this case, the sample shall be structured in such a way that it results in a balanced coverage of the two risk scenarios.</p> <p>NOTE: For group and multisite certificates, the calculation of the contractor sample shall be conducted at the participating-site level.</p> |
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| <b>ADVICE-40-004-23<br/>V2-0</b> | <b>Evaluation of contractors against the FSC core labour requirements</b>  |
| Normative reference              | <p>FSC-STD-40-004 V3-1:</p> <ul style="list-style-type: none"> <li>- Clause 1.6,</li> <li>- Clause 13.2,</li> <li>- Clause 13.4</li> </ul> <p>Terms and definitions: 'Scope'</p>   |
| Approval date                    | 19 July 2024   |
| Effective date                   | 1 November 2024  |
| Transition end date              | 31 December 2025   |
| Scope                            | This advice note applies to all Chain of Custody (CoC) certificate holders and CoC applicants that outsource activities within the scope of their certification to non-FSC-CoC-certified contractors.  |
| Terms and Definitions            | <p><b>Audit:</b> systematic, independent, and documented process for obtaining objective evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled<br/>(Source: ISO 19011:2018)</p> <p><b>Contractor:</b> Individual, company, or other legal entity contracted by an organization for any activities under the scope of an FSC CoC certificate.<br/>(Source: FSC-STD-40-004 V3-1)</p> <p><b>First-party audit:</b> an assessment that is performed within the organization by their own auditing resource or a person acting on behalf of the organization. First-party audits are often called internal audits.</p> <p>NOTE: In the context of this Advice Note, the audit would be carried out by, for example, an employee of the contractor or a consultant contracted by the contractor.</p> <p><b>FSC approved verification schemes:</b> Third-party verification schemes recognized as partially or fully equivalent to the requirements entailed under FSC core labour requirements in <u>&lt;FSC-STD-40-004 V3-1 Chain of Custody Certification&gt;</u> and <u>&lt;FSC-STD-20-011 V4-2 Chain of Custody Evaluations&gt;</u>, based on <u>&lt;PSU-PRO-10-003 V1-1 Procedure for equivalence assessment of verification schemes against the FSC core labour requirements&gt;</u>.</p> <p>(Source: FSC-ADVICE-40-004-24)</p> |

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|            | <p><b>Organization:</b> The person or entity holding or applying for certification and therefore responsible for demonstrating conformity to the applicable requirements upon which FSC certification is based.<br/>(Source: FSC-STD-40-004 V3-1)</p> <p><b>Second-party audit:</b> an assessment that is performed by a person or organization that has an interest in the object of the assessment.</p> <p>NOTE: In the context of this advice note, the audit of the contractor would be carried out by, for example, the organization, or a person contracted by the organization who is independent of the contractor.</p> <p><b>Third-party audit:</b> an assessment that is performed by a person or organization independent of the object of the assessment.</p> <p>NOTE: In the context of this advice note, for example, the audit would be carried out by an independent person acting on behalf of a certification body, for purposes that are not an FSC evaluation.</p>   |
| Background | <p>FSC introduced <u>&lt;FSC-ADVICE-40-004-23 V1-0 Evaluation of Contractors against the FSC Core Labour Requirements&gt;</u> to provide clear instructions on how the FSC core labour requirements have to be applied to contractors operating under outsourcing agreements.</p> <p>Since its effective date, various stakeholder concerns on the practical implications were raised with FSC, with multiple queries for FSC to provide further clarity and request for more time to implement requirements. This request resulted in the introduction of the ‘transition end date’ from 1<sup>st</sup> September 2023, which provided the transition end date until 31<sup>st</sup> December 2024. Despite some positive feedback appreciative of the provision of more time, ongoing concerns on the impact of the advice note on certificate holders and certification bodies were raised, especially concerning the risk classification requirements and prominent use of the International Trade Union Confederation’s (ITUC) Global Rights Index. Various stakeholders requested FSC to withdraw, suspend, or revise the requirements in a timely manner.</p> <p>The objective of this revised advice note is to respond to stakeholder concerns in an expedite manner and ensure the original intention of the advice note – providing clear instructions on how the FSC core labour requirements have to be applied to contractors operating under outsourcing agreements – is retained. To achieve this, the advice note provides further amendments and clarifications based on received stakeholder queries.</p> <p>These amendments and added clarifications are relevant to certificate holders and applicants.</p> <p>For contractors that are FSC-certified, their conformity will be evaluated as the organization, and therefore, this advice note focuses on non-FSC-certified contractors.</p> |
| Advice     | <p><b>1. Inclusion of non-FSC contractors within the organization’s self-assessment</b></p> <p>1.1 The organization shall include provisions in any new or revised outsourcing agreements with non-FSC-certified contractors which are</p>   |

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|  | <p>specifying their commitment to the FSC core labour requirements or shall provide a policy of the contractor that demonstrates such a commitment.</p> <p>NOTE: As an interim solution, the organization may provide a separate written declaration with non-FSC-certified contractors which specifies their commitment to the FSC core labour requirements and is signed by both parties (organization and contractor).</p> <p>1.2 The organization shall include non-FSC-certified contractors with an outsourcing agreement within its self-assessment, which describes how the organization has confirmed the contractors' conformity to the FSC core labour requirements.</p> <p>NOTE 1: Contractors who are certified by an FSC approved verification scheme identified by FSC as equivalent to the FSC core labour requirements are exempt from organizations' self-assessments and certification bodies' risk assessments, similar to FSC-certified contractors. Any observations or complaints about potential non-conformities should be shared with responsible certification bodies and verification scheme owners.</p> <p>NOTE 2: The organization may refer to the non-FSC-certified contractor's self-assessment within its self-assessment, in cases where this has been provided separately.</p> <p>1.3 For the certification body to determine risk level in its risk assessment of contractors' conformity to the FSC core labour requirements, the organization shall, if applicable, provide and make available to the certification body, audit evidence of the contractor's conformity to the FSC core labour requirements, including audit documentation and records, obtained from an on-site first-party, second-party, or third-party audit, conducted at least annually, which includes worker interviews.</p> <p>NOTE: "Annually" is to be interpreted as follows: at least once per calendar year, but no later than 15 months after the last first-party, second-party, or third-party audit (determined by the date of the on-site visit).</p> |
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| <b>ADVICE-40-004-24</b> | <b>Evaluation of FSC core labour requirements using FSC approved verification schemes</b>  |
| Normative reference     | <p>FSC-STD-40-004 V3-1:</p> <ul style="list-style-type: none"> <li>- Clause 1.6</li> <li>- Clause 1.11</li> <li>- Section 7</li> <li>- Annex D: 'FSC core labour requirements self-assessment'</li> </ul> <p>FSC-STD-20-011 V4-2:</p> <ul style="list-style-type: none"> <li>- Section 11</li> <li>- Section 12</li> </ul> |

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|                       | PSU-PRO-10-003 V1-1 Procedure for equivalence assessment of verification schemes against the FSC core labour requirements  |
| Approval date         | 11 April 2023  |
| Effective date        | 01 July 2023   |
| Scope                 | This Advice Note is applicable to certification bodies and certificate holders specifying actions to follow when using FSC approved verification schemes in conformity with FSC core labour requirements.  |
| Background            | <p>Clause 1.11 of <u>&lt;FSC-STD-40-004 V3-1 Chain of Custody Certification&gt;</u>, states that “The organization may demonstrate compliance with other certification schemes as evidence of conformity to Section 7 FSC core labour requirements.”</p> <p>Section 11 of <u>&lt;FSC-STD-20-011 V4-2 Chain of Custody Evaluations&gt;</u>, provides requirements for certification bodies to evaluate FSC core labour requirements.</p> <p><u>&lt;PSU-PRO-10-003 V1-1 Procedure for equivalence assessment of verification schemes against the FSC core labour requirements&gt;</u> provides a clear and transparent methodology for identifying, benchmarking, assessing, and approving verification scheme that can demonstrate conformity with the FSC core labour requirements in <u>&lt;FSC-STD-40-004 V3-1 Chain of Custody Certification&gt;</u>.</p> <p>The objective of this Advice Note is to provide instructions for using FSC approved verification schemes in evaluations of the FSC core labour requirements. This also aims to ease the verification of FSC core labour requirements by leveraging other verification schemes.</p> |
| Terms and definitions | <p><b>FSC approved verification schemes:</b> Third party verification schemes recognized as partially or fully equivalent to the requirements entailed under FSC core labour requirements in <u>&lt;FSC-STD-40-004 V3-1 Chain of Custody Certification&gt;</u> and <u>&lt;FSC-STD-20-011 V4-2 Chain of Custody Evaluations&gt;</u>, based on <u>&lt;PSU-PRO-10-003 V1-1 Procedure for equivalence assessment of verification schemes against the FSC core labour requirements&gt;</u>.</p> <p><b>Verification schemes:</b> Voluntary sustainability standards (VSS), national and regional regulatory mechanisms, corporate practices, internal procurement policies and sustainability initiatives.</p>   |
| Advice                | <p><b><u>Section 1: Certificate holder requirements</u></b></p> <p>1.1 The organization may use an FSC approved verification scheme to demonstrate conformity with the FSC core labour requirements.</p> <p>NOTE: FSC approved verification schemes are listed in the final section of this Advice Note.</p> <p>1.2 The organization using an FSC approved verification scheme according to this Advice Note may be exempted from implementing Clause 1.6 of <u>&lt;FSC-STD-40-004 V3-1 Chain of Custody Certification&gt;</u>.</p>  |



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|                                   | <p>1.3 The organization shall make available all records related to the FSC approved verification scheme such as audit reports, certificates, corrective action requests, non-conformities, etc., to the certification body.</p> <p>1.4 The organization shall inform the certification body of any update or change in the status of its attestation of conformity by the FSC approved verification scheme.</p> <p><b><u>Section 2: Certification body requirements</u></b></p> <p>2.1 The certification body may waive the requirements in Clause 11.3 of <u>&lt;FSC-STD-20-011 V4-2 Chain of Custody Evaluations&gt;</u>, if the following requirements are met:</p> <p>a) the FSC approved verification scheme is valid at the time of the FSC evaluation; and</p> <p>b) the authenticity of the attestation of conformity by the FSC approved verification scheme has been verified against a publicly available database published by the verification scheme’s owner or its assurance provider.</p> <p>2.2 The certification body shall document the findings and conclusions from applying this Advice Note in the evaluation report under ‘evaluation findings’ as per Section 12 ‘Reporting requirements’ of <u>&lt;FSC-STD-20-011 V4-2 Chain of Custody Evaluations&gt;</u>.</p> <p>2.3 The certification body shall record any changes in the status of attestation of conformity as per Clause 1.4 of this advice and take appropriate actions in accordance with <u>&lt;FSC-STD-20-011 V4-2 Chain of Custody Evaluations&gt;</u>.</p> |
| FSC approved verification schemes | <p><b>Certification Schemes:</b></p> <p>1. SA8000:2014</p>  |

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| <b>ADVICE-40-004-25</b> | <b>Requirements for the organization to provide information to the certification body (CB) for Annual Administration Fee (AAF) calculation</b>  |
| Normative reference     | FSC-STD-40-004 V3-1 Chain of Custody Certification<br>FSC-STD-40-006 V2-0 FSC Standard for Project Certification  |
| Approval date           | 29 April 2024   |
| Effective date          | 01 July 2024  |
| Scope                   | This Advice Note is applicable to all organizations applying for or holding chain of custody certification.   |
| Background              | The AAF Policy <u>&lt;FSC-POL-20-005 V3-4 AAF Policy&gt;</u> provides requirements that the CB shall collect from the organization necessary information for calculating the AAF, in order for the CB to verify and enter this information on |

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|                              | <p>the FSC Certification Database (Clause 2.2 of <u>&lt;FSC-POL-20-005 V3-4 AAF Policy&gt;</u>).</p> <p>For CoC certification, including projects, the calculation of the AAF is based on Forest Products Turnover (FPT) (Clause 5.1.1 of <u>&lt;FSC-POL-20-005 V3-4 AAF Policy&gt;</u>), and for the organizations that do not have FPT, AAF is calculated based on the annual overall purchasing cost of certified material and products (Clause 5.6.1 of <u>&lt;FSC-POL-20-005 V3-4 AAF Policy&gt;</u>). For projects under <u>&lt;FSC-STD-40-006 Standard for Project Certification&gt;</u>, AAF is calculated on the overall cost of each project (one-time projects) or the aggregated overall costs (multiple projects) instead of FPT.</p> <p>Neither the chain of custody certification (CoC) standard <u>&lt;FSC-STD-40-004 V3-1 Chain of Custody Certification&gt;</u> nor the project certification standard <u>&lt;FSC-STD-40-006 Standard for Project Certification&gt;</u> have specific requirements for the organization to provide information for calculating the AAF to the CB.</p> <p>The objective of this Advice Note is to provide normative reference and clarification on the requirements for the organization to provide the necessary information for the calculation of AAF to the CB on request. Additionally, for exceptional cases, this advice note clarifies how the AAF shall be calculated when an organization does not provide the FPT and/or Revenue.</p> |
| <p>Terms and definitions</p> | <p><b>Annual Administration Fee (AAF):</b><br/> The AAF is the fee charged by FSC Global Development (FSC GD) to accredited certification bodies (CBs) calculated on the basis of the respective certificate holder (CH) portfolio. The purpose of the fee is to support the service provided by FSC GD to uphold the FSC certification scheme.</p> <p>(Source: FSC-POL-20-005 V3-4)</p> <p><b>Forest Product Turnover (FPT):</b></p> <ol style="list-style-type: none"> <li>a) The Revenue of all certified and uncertified forest products; and</li> <li>b) The Revenue of all products containing wood or fibre, and all products containing non-timber forest components, including forest-based reclaimed materials regardless of the percentage.</li> </ol> <p>NOTE 1: Forest products refers to wood products, pulp and paper products, and non-timber forest products as per <u>&lt;FSC-STD-40-004a FSC Product Classification&gt;</u>.</p> <p>NOTE 2: FPT does not refer to 100% non-forest products that companies might produce.</p> <p>NOTE 3: FPT does not refer to related services that a CH may provide to another organization. The related services a CH receives under an outsourcing agreement, that contribute to adding value of the product are already inherently included in the Forest Products Turnover figure and do not need to be incorporated in addition to the value.</p> <p>(Source: FSC-POL-20-005 V3-4)</p>   |

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|        | <p><b>Revenue:</b> Revenue means the total revenue of an organization derived from the provision of goods and services, less trade discounts, VAT, intracompany sales (i.e., after any consolidation where a financial group is existing), and any other Taxes based on this Revenue. Revenue refers to the most recently completed fiscal year and is the exact number to the nearest whole USD.</p> <p>NOTE 1: The Revenue figure includes the Revenue from all certified and uncertified products that an organization produces irrespective of the fact whether they include forest-based material or not.</p> <p>NOTE 2: Intracompany sales relate to sales within one specific certification only, including the sales within a multi-site certification. Sales from one CH to another CH (even if within the same corporate group) and sales made within a group between group members are not considered intracompany.</p> <p>(Adapted from: FSC-POL-20-005 V3-4)</p>   |
| Advice | <ol style="list-style-type: none"> <li>1. The organization shall, on request of the CB, provide for each site (or participating site) verifiable information on FPT and/or Revenue for calculation of the AAF.</li> </ol> <p>NOTE: Some options for providing this information are included in the Annex I of this advice note.</p> <ol style="list-style-type: none"> <li>2. If the organization does not have an FPT, because the organization does not sell any certified or uncertified forest-based materials or products (e.g., free certified catalogues and certified packaging for products they sell), the organization shall provide information on the annual overall purchasing cost of certified material and products.</li> </ol> <p>NOTE: The cost of certified material and products include the cost of FSC Controlled Wood material and products.</p> <ol style="list-style-type: none"> <li>3. If the organization is a newly founded company that has not yet completed a full fiscal year and therefore cannot provide the required FPT, information on the FPT shall be provided in the following annual audit.</li> </ol> <p>NOTE: In the aforementioned case, the CB would use USD '100,000' as a fictitious figure for the FPT, as per AAF Policy, as the basis for the AAF calculation, until the fictitious figure is replaced by the actual FPT figure in the following annual audit.</p> <ol style="list-style-type: none"> <li>4. If the organization is an existing company that has been purchased by another legal entity and has not yet completed the first fiscal year, information on the FPT shall be provided in the following annual audit</li> </ol> <p>NOTE: In the aforementioned case, the CB would use USD '100,000' as a fictitious figure for the FPT, as per AAF Policy, as the basis for the AAF calculation, until the fictitious figure is replaced by the actual FPT figure in the following annual audit.</p> <ol style="list-style-type: none"> <li>5. For projects certified according to <u>&lt;FSC-STD-40-004 Chain of Custody Certification Standard&gt;</u>, the organization shall provide information on FPT. This shall include all projects independent of whether a project claim is made or not.</li> </ol> |

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|         | <p>6. For projects certified according to <u>&lt;FSC-STD-40-006 V2-0 Project Certification&gt;</u>, the organization shall provide:</p> <ul style="list-style-type: none"> <li>a) For single projects under one-time project certification, the overall cost of the project that is finalized; or</li> <li>b) For multiple projects under continuous project certification, the total aggregated project costs for the projects that are finalized.</li> </ul> <p>7. If the organization chooses not to disclose information on FPT and/or Revenue, and neither clause 3 nor clause 4 of this advice note apply, only one or more of the following reasons for the non-disclosure of this information are permitted for provision to the certification body, and a relevant exception provided in clause 8 shall then apply:</p> <ul style="list-style-type: none"> <li>a) Legal restriction(s); and/or</li> <li>b) Organizational policy restriction(s).</li> </ul> <p>8. If the organization provides the certification body with at minimum one of the permitted reasons for exception under clause 7, the following applicable figure shall be used to calculate the AAF:</p> <ul style="list-style-type: none"> <li>a) For organizations that have previously provided information on FPT and/or Revenue, based on the mid-point of two AAF Classes higher than the latest figure provided, or at a cap of USD '10,000,000,000', whichever is lower); or</li> <li>b) For organizations that have not previously provided information on FPT and/or Revenue, based on: <ul style="list-style-type: none"> <li>i) A cap of USD '5,000,000' for each participating site of Group CoC certification; or</li> <li>ii) A cap of USD '10,000,000,000' for all other types of CoC certification.</li> </ul> </li> </ul> <p>NOTE: In the aforementioned cases, the AAF may be charged on the applicable basis until the required information has been provided.</p> |
| Annex I | <p><b>Examples of evidence and supporting documentation</b></p> <p>To provide the CB information on FPT and/or Revenue according to clauses 1 to 6 of this advice note, the organization may choose from the options provided below.</p> <p><b>Option 1</b></p> <p>A signed statement from a reputable professional services firm that includes the name of the Chartered Accountant or auditor, as well as the organization.</p> <p>NOTE: For Option 1, the CB may not request additional supporting documentation for the further investigation of the validity of the numbers stated.</p> <p><b>Option 2</b></p> <p>Financial data published by a reputable risk management and scoring company:</p>   |

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|  | <p>a) In the case of organizations with a 100% forest-based business where the Revenue reported by a reputable risk management and scoring company represents the FPT.</p> <p>b) In the case of organizations with a business that is not 100% forest-based, the Revenue reported by a reputable risk management and scoring company represents the Revenue instead of FPT.</p> <p>NOTE 1: If a range for the FPT can be determined from a reputable risk management and scoring company, the upper value is to be used.</p> <p>NOTE 2: For Option 2, the CB may choose not to assess or investigate the validity of the provided information.</p> <p><b>Option 3</b></p> <p>A formal self-declaration that meets the following criteria:</p> <p>a) State that the information is correct to the best of the organization's knowledge; and</p> <p>b) Be in writing (and not oral);and</p> <p>c) Be personally, or electronically (the threshold of advanced electronic signature according to Article 3 no.11 and Article 26 eIDAS regulation applies here) signed by an authorized individual (such as a legal representative or a designated accountant).</p> <p>NOTE 1: A central office for a CoC Multi-site or Group is not required to collect written self-declarations of their individual sites/group members.</p> <p>NOTE 2: Option 3 is not considered sufficient on its own. A self-declaration may be used as supporting documentation only and it will be assessed by the CB for its reasonableness, plausibility and, as far as possible, accuracy.</p> <p><b>Other documentation that the CB may ask for in order to assess the reasonableness, plausibility, and accuracy of the reported FPT and/or Revenue include, but are not limited to:</b></p> <p>a) Sales tax filings;</p> <p>b) Income tax records and filings;</p> <p>c) Accounting records;</p> <p>d) Financial statements;</p> <p>e) Declaration from an accountancy firm;</p> <p>f) Management accounts showing financial general ledger coding.</p> |
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| <b>ADVICE-40-004-26</b> | <b>Inclusion of the Regulatory Claim</b>  |
| Normative reference     | <p>FSC-STD-40-004 V3-1:</p> <ul style="list-style-type: none"> <li>- Clause 2.1, 2.2, 2.3, 2.4</li> <li>- Clause 3.1</li> <li>- Clause 4.2</li> <li>- Clause 5.1, 5.7</li> <li>- Section 8</li> </ul> |

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| Approval date         | 06 June 2024 by the FSC Board of Directors   |
| Effective date        | 01 July 2024   |
| Scope                 | <p>This Advice Note applies to the CoC organization aiming to include the Regulatory Claim in the scope of its product groups, whether to source as an eligible input only or also use it as an output claim.</p> <p>This Advice Note does not apply to CoC organizations aiming to include the Regulatory+ Claim in the scope of its product groups.</p>  |
| Terms and Definitions | <p><b>Fully verified supply chain:</b> Supply chain where every certificate holder has applied the &lt;<a href="#">FSC-STD-01-004 FSC Regulatory Module</a>&gt; and establishes a product group for the purpose of controlling the Regulatory+ output claim.</p> <p><b>Regulatory Claim:</b> A claim made on sales and delivery documents based on inputs that meet the requirements of &lt;<a href="#">FSC-STD-01-004 FSC Regulatory Module</a>&gt;. It can only be used in combination with the FSC claims (except FSC Recycled), e.g., FSC 100% / Regulatory.</p> <p><b>Regulatory+ Claim:</b> A claim made on sales and delivery documents based on inputs exclusively with an FSC 100% / Regulatory+ claim and where every certificate holder within a fully verified supply chain has applied the &lt;<a href="#">FSC-STD-01-004 FSC Regulatory Module</a>&gt;. It can only be used in combination with the FSC 100% claim.</p>  |
| Background            | <p>FSC has developed this advice note to support implementation of the &lt;<a href="#">FSC-STD-01-004 V1-0 FSC Regulatory Module</a>&gt; which is a voluntary add-on standard to support FSC certificate holders in their efforts to comply with Regulation (European Union) 2023/1115 on deforestation-free products (EUDR).</p> <p>The FSC Regulatory Module introduces a ‘Regulatory’ (or REG) Claim to be used in combination with the FSC claims, and this Advice Note aims to address potential gaps between CoC-certified organizations that apply the FSC Regulatory Module and those not applying it, but aim to pass on the Regulatory Claim further in the supply chain.</p> <p>The objective of this Advice Note is to provide instructions to the organizations that do not implement the FSC Regulatory Module, for establishing product groups with the Regulatory Claim for the purpose of controlling the corresponding output claim.</p> <p>By passing the Regulatory Claim down the supply chain, the organization can support its customers’ due diligence efforts, specifically addressing the risk of mixing.</p> <p>This Advice Note does not apply to the ‘Regulatory+’ (or REG+) Claim (also a claim from the FSC Regulatory Module), as the organization cannot pass this claim without including the FSC Regulatory Module in its certification scope. The organization can still receive input material with the Regulatory+ Claim and ‘downgrade’ it to the Regulatory Claim.</p> |

**1. Establishment of the Regulatory product groups**

1.1 The organization shall establish product groups for the purpose of controlling the Regulatory Claim.

1.1.1 All products shall exclusively be made of Regulatory and/or Regulatory+ claimed input material, as defined in Table;

1.1.2 The list of product groups shall specify the Regulatory Claim in combination with the applicable FSC claims (e.g., FSC 100% / Regulatory).

NOTE 1: The requirements in Section 8 of <FSC-STD-40-004 V3-1 Chain of Custody Certification> remain unaffected by the application of this Advice Note.

NOTE 2: The organization can establish a product group using any of the FSC control systems, provided the requirement in Clause 1.1.1 of this Advice Note is met.

NOTE 3: Regulatory and Regulatory+ claims can also be presented in an abbreviated format, i.e., REG and REG+ respectively (see Table 1 and Clause 5.2 of this Advice Note).

*Table 1. Eligible inputs for the Regulatory output claim of a product group.*

| Regulatory output claim | Eligible inputs                               |
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| Regulatory (or REG)     | Regulatory (or REG),<br>Regulatory+ (or REG+) |

**2. Material sourcing**

2.1 The organization shall verify the supplier's sale and delivery documentation to confirm that the Regulatory Claim (e.g., FSC 100% / Regulatory) is specified in the supplier's sale and delivery documentation.

**3. Material handling**

3.1 The organization shall apply the segregation methods prescribed in clause 3.1 of <FSC-STD-40-004 V3-1 Chain of Custody Certification>, through separation and/or identification, between Regulatory claimed materials and other FSC-certified (or non-certified) materials.

NOTE: For product groups with the Regulatory Claim in the scope, other FSC-certified materials are considered non-eligible inputs.

**4. FSC material and product records**

4.1 The organization shall include the Regulatory Claim in combination with the corresponding FSC claim in its material accounting records.

**5. Sales**

5.1 The organization shall ensure that the sales documents (physical or electronic) issued for products sold with the Regulatory Claim include a

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|  | <p>clear indication of the claim (e.g., FSC 100% / Regulatory) for each product item or the total of products.</p> <p>5.2 As an alternative to the full description of the Regulatory Claim, the organization may use the abbreviation 'REG' in sales documentation.</p> |
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| <b>ADVICE-40-004-27</b> | <b>Inclusion of the FSC CFM claim in the Chain of Custody Certification</b>  |
| Normative reference     | <p>FSC-STD-40-004 V3-1:</p> <ul style="list-style-type: none"> <li>- Clause 2.4</li> <li>- Clause 5.1, Table C, 5.6, 5.9</li> <li>- Section 8</li> <li>- Clause 9.3, Table D</li> </ul> <p>Annex E</p>   |
| Approval date           | 30 April 2024  |
| Effective date          | 1 July 2024  |
| Scope                   | This advice note applies to the CoC organization aiming to include the FSC CFM claim in their product groups scope, whether to source as an eligible input only or also use it as an output claim.   |
| Terms and Definitions   | <p><u><i>New definitions</i></u></p> <p><b>FSC CFM:</b> FSC claim for products based on inputs from Controlled Forest Management (CFM) certified management units.</p> <p>NOTE: The claim can also be presented as “FSC Controlled Forest Management”.</p> <p><u><i>Current definitions amended</i></u></p> <p><b>Claim-contributing input:</b> Input material that counts towards the determination of the FSC Mix or FSC Recycled claims for products controlled under the percentage or credit system. Eligible claim-contributing inputs are the following: FSC-certified materials (except FSC CFM), post-consumer reclaimed materials, and pre-consumer reclaimed paper (Note: this last category excludes other pre-consumer reclaimed materials, such as wood and cork). The amount of input materials received with an FSC Mix x% or FSC Recycled x% claims that count as claim-contributing input is proportional to the percentage stated on the supplier’s sales documents (e.g., if 10 kg are received with an FSC Mix 70% claim, only 7 kg counts as claim-contributing input). The full amount of input materials received with an FSC Mix Credit or FSC Recycled Credit claim counts as claim-contributing input (i.e., 100% of the input amount).</p> <p><b>FSC-certified material:</b> Input material that is supplied with an FSC 100%, FSC Mix, FSC CFM, or FSC Recycled claim from an FSC-certified supplier.</p> <p><b>FSC claim:</b> A claim made on sales and delivery documents for FSC-certified or FSC Controlled Wood output products. The FSC claims are: FSC 100%, FSC</p> |



|  | <p>Mix x%, FSC Recycled x%, FSC Mix Credit, FSC Recycled Credit, FSC CFM, and FSC Controlled Wood.</p> <p><b>FSC Mix:</b> FSC claim for products based on inputs of one or more of the following material categories: FSC 100%, FSC Mix, FSC Recycled, controlled material, FSC CFM, FSC Controlled Wood, post-consumer reclaimed, and/or pre-consumer reclaimed.</p> <p>NOTE: Product groups that are exclusively made of reclaimed material, controlled material, FSC CFM and/or FSC Controlled Wood are not eligible to be sold with the FSC Mix claim.</p> <p><b>Material category:</b> Class of virgin or reclaimed material that can be used in FSC product groups. The material categories are the following: FSC 100%, FSC Mix, FSC Recycled, FSC CFM, FSC Controlled Wood, controlled material, post-consumer reclaimed, and pre-consumer reclaimed.</p>  |  |                 |          |          |
|--|--|--|-----------------|----------|----------|
| Abbreviations                                    | <b>CFM:</b> Controlled Forest Management   |  |                 |          |          |
| Background                                       | <p>&lt;<u>FSC-STD-30-010 V3-0 Controlled Forest Management</u>&gt; has introduced a new output claim (FSC CFM) to incentivize controlled forest management, and to distinguish it from forest products sourced as controlled material or FSC Controlled Wood (CW) that conform to &lt;<u>FSC-STD-40-005 Requirements for Sourcing FSC Controlled Wood</u>&gt;.</p> <p>This change in the FSC normative framework means that material originating from a forest management certified against FSC-STD-30-010 V2-0 (with the FSC CW claim), will be sourced as FSC CFM, once the certification is transitioned to V3-0 of the standard. It does not affect the chain of custody for material previously purchased and sold as FSC CW.</p> <p>The objective of this advice note is to provide instructions for establishing product groups with the FSC CFM claim for the purpose of controlling the corresponding output claim. The organization may use the FSC CFM claim in sales documentation, provided the conditions in this advice note are met.</p> |  |                 |          |          |
| Advice   | <p><b>1 Establishment of product groups with an FSC CFM claim</b></p> <p>1.1 The organization shall establish separate product groups for the purpose of controlling the FSC CFM claim.</p> <p><b>2 Material sourcing</b></p> <p>2.1 The organization shall consider the FSC CFM claim as an eligible input according to the FSC claim specified for the outputs of a product group. Table B of &lt;<u>FSC-STD-40-004 V3-1 Chain of Custody Certification</u>&gt; has been amended accordingly.</p> <table border="1" data-bbox="475 1877 1398 2054"> <thead> <tr> <th data-bbox="475 1877 938 1989">FSC output claim specified for the product group</th> <th data-bbox="938 1877 1398 1989">Eligible inputs</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 1989 938 2054">FSC 100%</td> <td data-bbox="938 1989 1398 2054">FSC 100%</td> </tr> </tbody> </table>  | FSC output claim specified for the product group | Eligible inputs | FSC 100% | FSC 100% |
| FSC output claim specified for the product group | Eligible inputs  |  |                 |          |          |
| FSC 100%   | FSC 100%   |  |                 |          |          |

|                                       |   |
|---------------------------------------|---|
| FSC Mix x% / FSC Mix Credit           | FSC 100%, FSC Mix x%, FSC Mix Credit, FSC Recycled x%, FSC Recycled Credit, controlled material, FSC Controlled Wood, FSC CFM, pre-consumer reclaimed, post-consumer reclaimed. |
| FSC Recycled x% / FSC Recycled Credit | FSC Recycled x%, FSC Recycled Credit, pre-consumer reclaimed, post-consumer reclaimed.  |
| FSC Controlled Wood                   | FSC 100%, FSC Mix x%, FSC Mix Credit, controlled material, FSC Controlled Wood, FSC CFM.  |
| FSC CFM                               | FSC CFM, FSC 100%   |

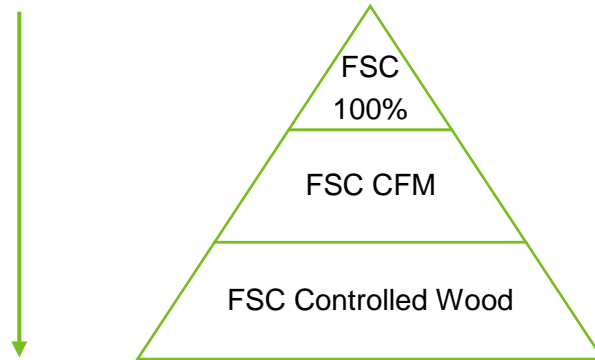
### 3 Sales

3.1 The organization shall consider FSC CFM as an eligible FSC claim for output products. Table C of <FSC-STD-40-004 V3-1 Chain of Custody Certification> has been amended accordingly.

| FSC output claim specified for the product group | FSC control system |                       |                                 |
|--|--------------------|-----------------------|---------------------------------|
|  | Transfer system    | Percentage system     | Credit system                   |
| FSC 100%   | ✓                  | N/A                   | N/A                             |
| FSC Mix x%                                       | ✓                  | ✓                     | N/A                             |
| FSC Recycled x%                                  | ✓                  | ✓                     | N/A                             |
| FSC Mix Credit                                   | ✓                  | N/A                   | ✓                               |
| FSC Recycled Credit                              | ✓                  | N/A                   | ✓                               |
| FSC Controlled Wood                              | ✓                  | ✓<br>(see Clause 5.9) | ✓<br>(see Clause 5.9 and 11.10) |
| FSC CFM  | ✓                  | N/A                   | N/A                             |

3.2 The organization may only sell products with the FSC CFM claim on sales and delivery documents if the products are raw or semi-semifinished and the customer is FSC-certified.

3.3 In addition to clause 5.9 of <FSC-STD-40-004 V3-1 Chain of Custody Certification>, the organization may opt to downgrade an FSC output claim as presented in Figure 1.



*Figure 1. Rules for downgrading FSC CFM claim.*

#### **4 Transfer system**

For claim periods or job orders in which CFM inputs are combined with other material categories, the organization shall use the table below to determine the output claim, which amends Table D of <FSC-STD-40-004 V3-1 Chain of Custody Certification>.

| Inputs                                       | FSC 100%              | FSC Mix Credit | FSC Mix x%          | FSC Recycled Credit | FSC Recycled x%     | Pre-cons. reclaimed wood | Pre-cons. reclaimed paper | Post-cons. reclaimed wood and paper | FSC Controlled Wood and controlled materials | FSC CFM |
|--|-----------------------|----------------|---------------------|---------------------|---------------------|--------------------------|---------------------------|-------------------------------------|--|---------|
| FSC 100%                                     | FSC 100%              |                |                     | FSC Mix Credit      |                     | No FSC claims allowed    | FSC Mix 100%              |                                     | FSC Controlled Wood                          | FSC CFM |
| FSC Mix Credit                               | FSC Mix Credit        |                | FSC Mix Credit      |                     | FSC Mix Credit      |                          |                           | FSC Controlled Wood                 |  |         |
| FSC Mix x%                                   | FSC Mix x%            |                |                     |                     | FSC Mix x%          |                          |                           | FSC Controlled Wood                 |  |         |
| FSC Recycled Credit                          | FSC Mix Credit        |                | FSC Recycled Credit |                     | FSC Recycled Credit |                          |                           |                                     |  |         |
| FSC Recycled x%                              |                       |                |                     | FSC Recycled x%     | FSC Recycled x%     |                          |                           |                                     |  |         |
| Pre-cons. reclaimed wood                     | No FSC claims allowed |                |                     |                     |                     |                          |                           |                                     | No FSC claims allowed                        |         |
| Pre-cons. reclaimed paper                    | FSC Mix 100%          | FSC Mix Credit | FSC Mix x%          | FSC Recycled Credit | FSC Recycled x%     |                          | FSC Recycled 100%         |                                     |  |         |
| Post-cons. reclaimed wood and paper          |                       |                |                     |                     |                     |                          |                           |                                     |  |         |
| FSC Controlled Wood and controlled materials | FSC Controlled Wood   |                |                     |                     |                     |                          |                           | FSC Controlled Wood                 |  |         |
| FSC CFM                                      | FSC CFM               |                |                     |                     |                     | No FSC claims allowed    |                           | FSC Controlled Wood                 | FSC CFM                                      |         |

Revised Table D with the inclusion of CFM claim



**FSC International – Performance and Standards Unit**

Adenauerallee 134

53113 Bonn

Germany

**Phone:** +49 (0)228 36766 0

**Fax:** +49 (0)228 36766 65

**Email :** [psu@fsc.org](mailto:psu@fsc.org)