



Frequently Asked Questions (FAQs)

FSC-STD-40-004 V3-0 and FSC-STD-20-011 V4-0

27 March 2017

Introduction

On 1 January 2017, the FSC Board of Directors approved the revised FSC chain-of-custody standards FSC-STD-40-004 V3-0 and FSC-STD-20-011 V4-0. The revised standards will become effective on 1 April 2017. This document presents FAQs on the revised standards. NOTE: For definitions of the terms used in these FAQs, please consult [FSC-STD-40-004 V3-0](#).

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1. Transition between V2-1 and V3-0 of FSC-STD-40-004

The revised chain of custody (CoC) standard specifies the period of one year for certificate holders to transition between the V2-1 and V3-0 of the standard. Is this a new rule?

No, the transition period of one year was introduced in 2013 with the “FSC Procedure for the Development and Revision of FSC Normative Documents” ([FSC-PRO-01-001 V3-0](#)).

The transition period between V2-1 and V3-0 of FSC-STD-40-004 is 1 April 2017 to 31 March 2018. Can certificate holders still be assessed against V2-1 during the transition period?

Yes, during the transition period, new and existing certificate holders may still opt to be audited against V2-1, but they have to ensure that before the end of the transition period (31 March





2018) they have been evaluated by their certification bodies against V3-0. In order to avoid additional audits, certificate holders are recommended to transition to the new standard version at the time of their annual surveillance audits.

Can certification bodies conduct desk-based audits to approve the transition of certificate holders from V2-1 to V3-0 of FSC-STD-40-004?

Yes, except when there are elements of the standard that need to be verified on site to confirm certificate holder's conformity with the requirements. Desk audits for standards transition do not replace the need for annual surveillance audits, except when the requirements of Clause 2.6 e) and 3.2 of FSC-STD-20-011 V4-0 *Chain of Custody Evaluations* are met. (See [INT-STD-20-011 19](#)).

Can a certificate holder start using the new standard prior to being audited against it? If not, how will they be audited against it?

While certificate holders can use the new version to prepare themselves for the certification bodies' audit, only once the certification body has confirmed full compliance against the new version through an audit, can the certificate holder start applying the requirements of the new version. Until then, the certificate holder must continue to use their CoC management system as approved for V2-1.

2. Health and safety

The standard establishes some minimum requirements for occupational health and safety. How can these requirements be applied in the case of very small companies (e.g. trader without physical possessions, only one staff)?

The standard specifies that these requirements shall be adequate for the size and complexity of the organization. This means that the certification body shall evaluate whether it makes sense to require very small enterprises to meet the same requirements indicated in the standard or if these objectives can be achieved by alternative means.

3. New transaction verification requirement

What is transaction verification?

Transaction verification is the act of certification bodies and/or Accreditation Services International (ASI) verifying that an FSC output sales claim made by an FSC certificate holder is both accurate and matches an FSC input purchase claim by a trading partner.

Why is transaction verification needed?

Transaction verification is needed to protect the integrity of FSC certification and ensure that false claims are identified, prevented, and controlled. Previously, audits were focused on the internal activities of a business only. With the new standards, however, auditors can also evaluate transactions between organizations. This is introduced to ensure that volume balances match between companies.



Is my organization affected by transaction verification?

All FSC certificate holders are subject to transaction verification. This means that all certified businesses could be asked to participate in transaction verification. However, only a small percentage of our global certificate holders will be asked to do so in 2017.

Has the risk-based approach been dropped?

The risk matrix that was proposed in the previous draft of the chain-of-custody standard (FSC-STD-40-004 V3, draft 3) has been removed, as many stakeholders were opposed to the proposed requirements. Instead, FSC and ASI will be using risk criteria to determine where supply chain monitoring will take place.

How is risk going to be defined?

The transaction verification requirement will be implemented where there is substantiated evidence of false claims occurring in specified supply chains. Such evidence will consist of one or more of the following:

- Results of fibre testing;
- Substantiated complaints;
- ASI on-site assessments, monitoring, and data analysis;
- ASI and FSC investigations of entire product types in given countries or regions that identify an unacceptable level of misleading claims;
- Certification body reporting of false claims to FSC and/or ASI.

In 2017 up to 1,000 businesses globally, with specific focus on the Asia–Pacific region, are expected to be asked to participate in transaction verification. This number is expected to increase in 2018–2019 based on results from 2017.

How are supply chain integrity measures being introduced in the FSC system?

FSC will be introducing a series of supply chain integrity measures over the next four years. In 2017, a series of immediate actions will continue to be implemented. The introduction of transaction verification to our normative framework through the chain-of-custody standard is one of these actions. Other actions include:

- Rapid transaction verification audits by ASI (i.e. ASI takes immediate action in response to critical incidents);
- ASI-initiated investigations performed by certification bodies;
- creation of a mechanism for stakeholders to submit complaints about potential false claims;
- Randomized, obligatory fibre testing by FSC and ASI of products selected through the FSC fibre-testing programme;
- Introduction of legal and financial consequences for intentionally misusing the FSC system;
- Sampling of transactions between trading parties, for verification;
- Further testing of the OCP in selected high-risk supply chains; and
- Investigating the feasibility of digital claims, block chain technology, and alternative platforms.

Many of these immediate actions are designed to increase the knowledge about inaccurate



claims in our system and test solutions for addressing these. It is expected that FSC will expand the number of certificate holders asked to perform transaction verification in 2018 – 2019 as further high-risk supply chains are investigated by FSC and ASI.

What is the difference between transaction verification and the Online Claims Platform (OCP)?

Transaction verification is a normative requirement in the FSC system (i.e. it is a criterion in our standard). The OCP is one of the tools to deliver transaction verification. Transaction verification can be achieved with or without the OCP. Other methods of transaction verification will be tested as well, such as ASI rapid transaction assessments, block chain technology, and alternative platforms.

What information must be provided to auditors to fulfil the transaction verification requirement?

The data required will include information on trading partner (e.g. name, FSC CoC code), transaction identifier (e.g. invoice number), transaction date, quantity, units, FSC claim type, descriptions of products, and (potentially) species and country of origin. No financial information will be required. The data will be collected on a sample basis in a specified format. More than one format will be allowed. The size of the sample requested will be determined by FSC and ASI based on risk. Auditors may also request access to shipping documents, invoices, or similar for confirmation.

What is the role of certification bodies in transaction verification?

Certification bodies will collect the information requested in a specified format and provide it to ASI, which will then verify whether transaction records between the trading partners match and are valid FSC transactions.

How will sampling of transactions be conducted?

ASI will approach certification bodies on a case-by-case basis and request to collect relevant transaction data from their clients. ASI will determine the data to be provided:

- The size of the sample (percentage of claims made, up to 100 per cent);
- What product types;
- The frequency for providing transaction data;
- Duration for providing transaction verification data.

If a business is selected to provide data for transaction verification, the information must be provided during the annual surveillance audit performed by its certification body. For other requests, certification bodies can specify deadlines of up to 10 business days or 30 calendar days depending on the urgency of the verification and the sample size. If the request is for a few invoices, for example, the timeline would be 10 business days. If the request is for a report, covering a considerable amount of data, 30 calendar days would be specified.

What is the difference between false claims, inaccurate claims, and fraud?

‘Fraud’ is the term used for intentional false claims within the FSC system. ‘False claims’ happen when a product that is not eligible to be sold as FSC certified is sold with FSC claims on its sales documents. False claims can be intentional or not. They are only considered fraud when it can be proven without a doubt that the claim was made intentionally. ‘Inaccurate claims’ are where a product that is eligible to be sold as FSC certified is sold with the wrong claim (e.g. a product that should be sold as FSC Mix is sold as FSC 100%).



What are the consequences for certificate holders if they are found making false and/or inaccurate claims?

The appropriate actions shall be determined by the certification body in charge of the organization's assessment on a case-by-case basis. In most cases, when a false claim is identified, it is difficult to determine whether it was a mistake or an intentional act (fraud). When there is clear evidence of fraud, the certificate will be terminated and the certification body will notify FSC via the FSC certificate database. FSC will apply specific sanctions to the organization (e.g. financial penalty, grace period to become certified again).

When it is not clear whether the false claim was intentional or not, the certification body will issue a major corrective action request for the organization, requiring applicable measures to address the problem, such as identification of the root cause of the problem, application of non-conforming procedures, notification of customers, and product recall.

The certification body will also notify FSC about this occurrence via the FSC certificate database. If during the transaction verification the certification body identifies non-certificate holders making false claims, the certification body shall notify FSC, which will follow up on applicable measures against the organization.

What are the consequences for uncertified businesses that are found making false and/or inaccurate claims?

Fraud and misuse of the FSC label by non-certificate holders are dealt with through the FSC legal office and trademark enforcement team, which investigate false use of FSC trademarks for non-eligible products and take legal action when needed.

What happens if a certificate holder refuses to provide transaction data to their certification body?

The refusal to provide transaction data represents a breach of the contractual agreement between the organization and the certification body. If the information is not provided within the time frame requested by the certification body, the certificate will be suspended and/or terminated.

Are transaction verification requirements the same everywhere in the world?

Yes, they are the same everywhere in the world. However, based on a risk analysis and evidence of false claims, FSC and ASI will mainly focus transaction verification audits on certain regions and supply chains, where likelihood of false claims is proven to be high.

Are forest-management certificate holders affected by transaction verification?

Yes, forest-management certificate holders may also be required to provide FSC transaction data for transaction verification purposes.

Who pays transaction verification costs?

If a certificate holder is chosen for transaction verification, the cost for complying with the requirement will be part of the certification body's auditing costs. FSC is currently investigating with certification bodies and ASI how to divide costs related to transaction verification. It is important for FSC that introducing transaction verification does not dramatically increase costs for FSC chain-of-custody certification.



4. Online Claims Platform (OCP)

What is the Online Claims Platform (OCP)?

The OCP is a digital tool that provides timely information about FSC products and the organizations that produce them. The OCP supports administration of FSC chain of custody as well as providing information to validate FSC claims. The OCP is free of charge to certificate holders. Click [here](#) for more information.

Who needs to use the OCP?

In 2017 up to 1,000 companies globally, with specific focus on the Asia–Pacific region, are expected to be asked to participate in transaction verification by ASI. This number is expected to increase in 2018–2019 based on results from 2017. A subset of the selected companies will be asked to use the OCP (estimated 300–600 companies, with a special focus on Asia–Pacific and only companies trading in products for which investigation has shown significant issues with false claims). FSC and ASI will determine which certificate holders and supply chains will need to use the OCP. The OCP is also available for voluntary use by FSC certificate holders not identified by ASI.

5. Fibre testing

What is fibre testing?

Fibre testing is a method whereby products are tested at a fibre level to ensure that they contain what they are claimed to contain. A fibre test can determine which wood (family, genus, and/or species) a product is made from, the amount of recycled fibre in a product, and/or which country the fibres are likely to have originated from, depending upon the type of fibre analysis completed. Fibre testing of wood products allows buyers, sellers, and traders to confirm that the products they receive from suppliers are what they are claimed to be.

How does the FSC fibre-testing programme work?

Since 2011, FSC has been part of a joint venture with the United States Department of Agriculture (USDA) Forest Service's Forest Products Laboratory (FPL) with the goal to test approximately 2,000 FSC-certified components a year from around the world. The joint venture has served as a reliable quality management measure that provides producers and buyers of forest products added assurance against inaccurate claims. FSC has also been investigating the feasibility of isotope and DNA testing to verify the origin of products.

What are fibre-testing results used for?

Fibre testing is an additional quality assurance tool to tell whether products contain the family, genus, and/or species expected. The test may also determine the amount of recycled content in a fibre-based product, whether the product contains mixed tropical hardwoods, and the likely origin of the fibres in the product (country or region) – depending upon which testing technique is used. This information is useful for companies for due diligence and quality management purposes, and is used by FSC and ASI as an additional measure to ensure supply chain integrity.



When and how are my company's products being fibre tested?

FSC randomly selects FSC-certified products for fibre testing worldwide. Fibre testing is a tool that can also be used by any FSC stakeholder interested in verifying that the products they receive from suppliers are what they are claimed to be.

FSC offers certificate holders traditional wood anatomy fibre testing through the Forest Products Lab at a very low rate compared to market prices (USD100 per tested component of a product). For example, a children's book may consist of four different paper grades, so if each component was tested, the fee would be USD400. Click [here](#) for more information.

6. Inputs

How regularly should a certificate holder verify the validity and product group scope of the certificates of active FSC-certified suppliers?

Certificate holders should verify the scope of the certificate of their suppliers as often as possible (ideally before each purchase) to avoid any possible consequences of buying products that do not carry a valid FSC claim, such as having to deal with non-conforming products. To facilitate this verification by certificate holders, FSC provides two platforms that send automatic notifications about changes in the scope and validity of suppliers' certificates: the FSC Trademark Portal and the Online Claims Platform. Both platforms are free of costs for FSC certificate holders.

The standard specifies that a product that is exclusively made of input materials from small and/or community producers is eligible to carry the FSC Small and Community label. If these products are produced according to the percentage system, does this mean that the FSC controlled wood inputs of the product group shall also be sourced from small and/or community producers?

Yes. Both FSC-certified and FSC controlled wood inputs shall come from small and/or community producers.

7. Volume summary and material accounting records

The standard specifies that organizations shall prepare annual volume summaries covering the period since the previous reporting period. Does this clause refer to the organization's reporting period or the certification body's reporting period?

The requirement refers to the organization's reporting period. If, for example, the organization's previous report ended on 31 December 2015, the following report shall start from 1 January 2016.

8. 'FSC Mix 50% registered' claims

Some certificate holders obtained permission to continue labelling products as 'FSC Mix 50%' until the new version of FSC-STD-40-004 becomes effective (1 April 2017). What happens to the stocks of such products after this date?



By 1 April 2017, FSC CoC certificate holders that obtained product registration for the use of a reduced labelling threshold of 50 per cent shall stop manufacturing chip and fibre products based on the labelling threshold of FSC Mix 50%. Registered products with the FSC Mix 50% claim that were already FSC labelled before 1 April 2017 will keep their certified status after this date. Certificate holders that obtained the product registration to produce FSC Mix 50% registered products and have remaining unlabeled registered products may sell, or label and sell, these products for a maximum of 6 months after 1 April 2017. The organization shall inform its certification body about stocks of unlabeled products as of 1 April 2017. Certificate holders further down the supply chain may continue to label and sell products with the 'FSC Mix 50% registered' claim until their stock is depleted. For more information, please consult [ADVICE-40-004-03](#).

9. Sales

How does a certificate holder know whether the products they wish to sell with FSC controlled wood claims are raw or semi-finished?

The FSC-STD-40-004 V3-0 standard includes a definition of finished products. By exclusion, if a product does not fall under the finished product category, it shall be classified as raw or semi-finished. Unfortunately, it is not possible for FSC to produce a list of products that are finished or not, since this can vary on a case-by-case basis. For example, lumber can be a raw material for some companies, but it can be a finished product when it is sold to final consumers.

What is the meaning of the term 'supplementary documentation' specified in Clause 5.7 of FSC-STD-40-004 V3-0?

This requirement is to be applied when, for justified reasons, the organization is not able to include the FSC claim and certificate code on sales documents. A typical scenario would be when the invoice does not have enough space for this information due to limitations in the invoicing electronic system of the organization. The supplementary documentation is usually an additional letter that is sent to customers (together with the invoice) containing the complementary information as specified in Clause 5.7.

10. Custom manufactured products

Can printed materials be considered as "custom manufactured products"?

Yes, printed materials can be considered as custom manufactured products.

11. Downgrading of FSC Claims

Is the downgrading of FSC Recycled 100% products to FSC Mix 100%, FSC Mix Credit, or FSC Recycled 70% allowed?

No, the downgrading of FSC Recycled 100% to FSC Mix 100% or FSC Mix Credit is not possible, since FSC-STD-40-004 V3-0 specifies that products that are made of 100 per cent reclaimed materials can only be claimed as FSC Recycled. However, the downgrading of FSC Recycled 100% to FSC Recycled 70% is allowed.



12. Timber legality

Are certificate holders required to supply information about species and country of harvest if their customers don't need this information to comply with timber legality legislation?

No, FSC requirements regarding timber legality only apply according to the scope of timber legality legislations. FSC does not require certificate holders to supply information beyond what is required by law.

13. Product groups

Can a printer combine books, calendars, and file folders in the same product group?

Yes, if the printer is applying the transfer system. However, for the application of the percentage system, additional requirements as specified in Clause 7.2 of FSC-STD-40-004 V3-0 shall be considered.

Clause 7.2 specifies conditions for the combination of input materials in the percentage and credit systems only. Does this mean that materials can be freely substituted in the transfer system?

No. There are no references in the standard about the substitution of materials in the transfer system because, in this system, the FSC claims of the output products are always linked to the physical composition of products. In the transfer system, it is not possible to buy FSC controlled wood, for example, and sell it as FSC certified using the FSC claims of other materials that were bought within the same claim period, as allowed in the credit system.

Can an FSC Mix product group be made exclusively of pre- and post-consumer reclaimed inputs?

No. The standard specifies that products that are made of 100 per cent reclaimed materials can only be claimed as FSC Recycled. See Note under Clause 5.9 of FSC-STD-40-004 V3-0.

Can an organization establish a cross-site percentage calculation of cross-site credit account combining FSC Recycled and FSC Mix output products in the same product group?

No. Product groups that are 100 per cent reclaimed (FSC Recycled) shall be treated as separate product groups from FSC Mix.

Can a company establish two product groups with the same product type (e.g. W8.1 Plywood), but with two different control systems (e.g. one with transfer and one with the percentage system)?

Yes. Certificate holders can establish two product groups with the same product type (e.g. W8.1 Plywood), one being controlled according to the transfer system and another according to the percentage system.

Can an organization classify its residues as pre-consumer reclaimed paper and sell them with FSC Recycled 100% claim on sales documents?



No, since there is a risk that products that are 100% made of virgin wood are claimed as FSC Recycled, which would be a misleading claim. For example, companies that discard non-FSC overproduction (e.g. over issue publications), recalled products, paper scraps from virgin wood paper, obsolete inventories. These materials have never been recycled in order to be claimed as FSC Recycled 100%. They can only be classified as pre-consumer reclaimed paper input for recycling at the own organizations' site (see Clause 2.7 of FSC-STD-40-004 V3-0) or be sold without FSC claims to other companies that may classify them as pre-consumer reclaimed input according to the requirements of [FSC-STD-40-007](#).

14. Application of percentage and credit systems at multiple site level

What is the rationale behind restricting the application of cross-site percentage and credit systems to the Eurozone?

FSC took into consideration the concerns voiced by many stakeholders about potential misuses of cross-site methods. Concerns primarily focused on the risk of disincentivizing the certification of forests in certain regions, and the risk that companies may use cross-site methods to take economic advantage of this option where different currencies exist instead of addressing the logistical problems which were a primary reason why FSC introduced this new requirement in the standard. These identified risks are significantly minimized if the multiple-site option is applied only within countries or within the Eurozone, where countries are normally small and use the same currency.

15. Credit system

Can a trader of logs use the cross-site credit system?

Yes, as long as the trader has physical possession of the logs. The requirements specified in Box 7 of FSC-STD-40-004 V3-0 apply.

Since the credits validity has been extended from 12 to 24 months, can certificate holders retroactively consider credits from 24 months ago after they start using the new CoC standard?

No, credits that have already expired cannot be reinstated. The extended period is only applicable for new credits added to the credit account, and only once the certificate holder has fully transitioned to V3-0 of the standard. Please note that Clause 10.6 of FSC-STD-40-004 V3-0 does not refer to credit validity, but it explains the methodology for the deduction of credits that have expired. If organizations apply the methodology presented in Clause 10.6, they will not have difficulties to control the extended expiry of credits according to the new standard.

The standard specifies that the percentage and credit systems cannot be applied to trade and distribution of finished wood products and paper (e.g. paper merchant). In case of paper merchants that cut paper to size and re-package it, can this kind of company apply the percentage or credit system?

No. FSC considers paper as a finished product. Therefore, even traders that cut paper to size and re-package it cannot apply the percentage and credit systems.



Clause 10.5 contains a reference to high-quality components in assembled wood products. Can you explain how quality is defined in this case?

In the context of this clause, the following criteria define quality (see [INT-STD-40-004 31](#)):

- All products that are made of chip and particles of wood are considered as having the same quality;
- Solid wood components are considered as having a higher quality than components of chip and particles of wood;
- Solid hardwood is considered as having higher quality than softwood.