

Australian Standard[®]

**Chain of custody for certified wood and
forest products**



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 - Australian Forest Contractors Association
 - Australian Forest Growers
 - Australian Plantation Products and Paper Industry Council
 - Australian Retailers Association
 - Australian Timber Importers Federation
 - Australian Wood Panels Association
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 - Furnishing Industry Federation of Australia
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 - National Association of Forest Industries
 - Natural Resource Policies and Programs Committee (of Natural Resource Management Standing Committee)
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-

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**Chain of custody for certified wood and
forest products**

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PREFACE

This Australian Standard was prepared by the Australian Forestry Standard Technical Committee. This committee is a technical committee under the accredited Standards Development Organisation - Australian Forestry Standard Limited.

This Standard incorporates Amendment No. 1 (October 2007). The changes required by the Amendment are indicated in the text by a marginal bar and amendment number against the clause, note, table, figure or part thereof affected.

The objective of this Chain of Custody Standard is to provide all organisations in the wood or forest products certification chain with the minimum criteria and requirements to implement a credible system for the tracking of wood or forest products originating from certified forests through all phases of ownership, transportation and manufacturing to the end consumer.

Chain of Custody (CoC) basically tracks a wood or forest product from its origin in a certified forest through to its end use as a wood or forest product by the consumer. CoC covers all intermediate steps such as harvesting, transportation, primary and secondary processing, manufacturing, re-manufacturing, distribution and sales. As such, CoC is an inventory control system that provides a quality assurance standard.

This Chain of Custody Standard is intended for voluntary application by any organisation that seeks to assure its customers that the certified wood and forest products they buy are sourced from a certified forest. Its application will assist in ensuring or delivering access to domestic and international markets that seek assurances on the origin of wood or forest products from sustainably managed forests. With the increasing availability of recycled wood based raw material in the marketplace, this CoC standard also allows organisations utilising virgin and recycled raw material to participate in CoC certification of mixed products.

Accredited, independent, third-party certification against this CoC standard provides a clear statement that wood and forest products have been produced, in accordance with a set of clearly defined performance requirements, from certified forests that demonstrate sustainable forest management.

The CoC standard may be used by itself or in conjunction with:

- AS/NZS ISO 9001:2000: Quality management systems—Requirements;
- AS/NZS 3843:1998 Guide 65: General requirements for bodies operating product certification systems; and/or
- AS/NZS ISO 14001:2004: Environmental management systems—Requirements with guidance for use.

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STANDARDS AUSTRALIA

AUSTRALIAN STANDARD

Chain of custody for certified wood and forest products

SECTION 1 Scope and General

1.1 Scope

This Australian Standard sets out the minimum criteria and requirements for Chain of Custody (CoC) certification for wood or forest products originating from a defined forest area (DFA) that has been certified to the Australian Forestry Standard (AFS) [AS 4708 (Int)—2003 or subsequent versions of the AFS] or sourced from other forests managed under schemes recognised as substantively equivalent to the AFS¹. Generally, an organisation will be responsible for certified wood or forest products from the point at which the organisation takes ownership or control of the product to the point at which the organisation delivers certified wood or forest products to the next organisation in the link of the certification chain from the forest to the end consumer.

This Australian Standard also sets minimum requirements for CoC certification of wood products which include varying percentages of recycled wood based raw materials.

1.2 Objective

The objective of this Australian Standard is to provide a common approach to track the pathway that wood or forest products take from a DFA or stated source including recycled wood based raw materials to the final consumer. It is applicable to all of the links in the certification chain including manufacturing, transformation and distribution. The CoC standard does not deal with the environmental merits of forest management or manufacturing processes. The environmental merits of these activities are covered by the AFS, ISO 14001 or other schemes. The anticipated outcome from the use of this Australian Standard is to give confidence to all organisations in the certification chain that they are dealing with a certified wood or forest product from its receipt by their organisation to delivery to the next organisation in the certification chain. This recognises that there may be one or several stages in the certification chain from a wood or forest product in the DFA or stated source to final product and that ownership of the certified product may also change at times along the certification chain.

¹ The basis for compatibility or substantive equivalence shall be established in AFS Limited's AFS Logo Use Rules Manual and AFS Limited's PEFC Logo Use Rules Manual. Further references in AS 4707 at Clauses 1.3, 1.4, 1.5, 2.2.4.1 and in Appendices C and F to the wording of 'substantively equivalent' or 'equivalent' shall be deemed to be covered by this interpretation in 1.1 Scope.'

1.3 Application

This Australian Standard is intended to apply to the processes that various certified wood or forest products are undergoing. It is applicable to wood and forest products available from a DFA or as a result of processing wood from a DFA or from other schemes recognised as substantively equivalent to the AFS or recycled wood based raw materials. Examples of wood and forest products include, but are not limited to, the following:

- wood products, such as unprocessed logs, poles, piles, woodchips;
- timber products that arise directly from manufacturing, such as sawn timber, laminated veneer lumber, veneer, plywood, pulp;
- by-products that arise indirectly from manufacturing or re-manufacturing, such as wood chips, flakes, shavings and sawdust;
- timber products that arise from re-manufacturing or composition processes, such as paper, paper board, composite board, furniture, doors, window frames; and
- other forest products, such as craftwood, burls, honey, seed, eucalyptus oil, foliage.

The CoC criteria and requirements are applicable to all organisations in the certification chain which:

- have control over wood and forest products including their flow; and
- can define their input and output stages of the wood and forest product flow.

Guidance for the implementation of the chain of custody requirements in an organisation with a network of sites (multi-sites) is provided in *Appendix E*.

This Australian Standard is intended for application for wood and forest products sourced from a DFA that has been certified to the AFS or sourced from other schemes recognised as substantively equivalent to the AFS.

1.4 Recognition

Other chain of custody systems or schemes may be recognised as being compatible or substantively equivalent with the requirements of this Australian Standard, especially those with third-party auditing requirements developed according to or consistent with, the requirements of national and international standards and conformity assessment forums such as ISO or IAF. It is expected that assessment of conformity of such national or international standards will have a basis in the ISO/IEC Guides 62, 65 and 66.

1.5 Definitions

For the purposes of this Australian Standard, the following definitions apply.

Accreditation	Third-party attestation ^(5.2) related to a conformity assessment body ^(2.5) conveying formal demonstration of its competence to carry out specific conformity assessment tasks ²
AFS	The Australian Forestry Standard [AS 4708 (Int)—2003] or subsequent editions of The Australian Forestry Standard.
Auditing	A systematic and documented verification process that objectively obtains and evaluates evidence to determine whether an organisation's management system conforms to chain of custody criteria and requirements of this Standard. This process will also take into account the likelihood of failure to detect breaches. It also provides for communication of the results of this process to an organisation's management.
Certificate	A document indicating that an organisation's CoC system conforms to this Australian Standard and any supplementary documentation required under the CoC system.
Certification	A means of providing assurance that a product (including a process or service) complies with specified standards and other normative documents.
Certification chain	The organisations involved in each link of the wood and forest product supply chain from defined forest area to the final product and end consumer including ownership, handling, transport or manufacturing.
Certified	Having undergone the verification process under a recognised certifiable standard.
Chain of custody	The process of tracking wood and forest products originating in certified forests through all phases of ownership, transportation, and manufacturing from the defined forest area to the final product and delivery to the end consumer.

² 5.2 attestation – issue of a statement, based on a decision following review (5.1), that fulfilment of specified requirements (3.1) has been demonstrated.

5.1 review – verification of the suitability, adequacy and effectiveness of selection and determination activities, and the results of these activities, with regard to fulfilment of specified requirements (3.1) by an object of conformity assessment.

3.1 specified requirement – need or expectation that is stated

2.5 conformity assessment body – body that performs conformity assessment services

Continual improvement	Process of enhancing and refining a management system to achieve improvements in overall performance in line with the organisation's management policy through monitoring, evaluation and review.
Defined forest area (DFA)	An area of forest including land and water within Australia to which the requirements of the AFS are applied, and over which the forest manager can demonstrate management control that allows them to affect achievement of the requirements of the AFS.
IAF	International Accreditation Forum – an international forum that brings together a number of bodies from around the world with the aim of providing global accreditation coverage for certification and registration of management systems and product certification.
IEC	International Electrotechnical Commission (IEC) – the global organization that prepares and publishes international Standards for all electrical, electronic and related technologies.
Independent	A separate organisation from the organisation being audited, that is impartial, and free from any bias.
Input batch	Wood or forest product input into a processing stream over a specified time period or quantity of product. (term is applicable to the rolling average percentage system)
ISO	International Organization for Standardization – a worldwide federation of national standards bodies.
Link	One or several stages in the manufacturing process from wood or forest product to final product and may include, but not limited to: <ul style="list-style-type: none"> • the defined forest area; • modes of transportation; • primary and/or secondary processing facilities; • manufacturing and re-manufacturing facilities; • wholesale or retail yards, stores or other facilities; and • any other intermediate point at which product is stored, processed, separated, packaged, or handled. NOTE: The input and output stages in the wood or forest product flow define the link in the CoC system.
Major non-conformance (audit)	Where a significant element of the CoC system is not functional, or where data has been falsified, or there is ongoing resistance to correcting minor non-conformances.

Minor non-conformance (audit)	Where there is a breach of the CoC requirements, and that breach is likely to have a minor impact on the function and intent of the CoC system.
Misuse	Use of CoC documentation, logos, or labels, or inventory control processes to effect outcomes that are adverse, misleading or otherwise deleterious to the implementation of this Standard.
Observation (audit)	Where there is opportunity to improve current practice but there is no breach of requirements, or the breach is insignificant and likely to have no impact on the function and intent of the CoC system.
Organisation	A company, corporation, firm, enterprise, authority, institution, or part or combination thereof, whether incorporated or not, public or private, that has its own functions and administration, and that, for the purposes of this Standard, applies for qualification of its chain of custody.
Output batch	Wood or forest product output from a processing stream for which the percentage is calculated. The batch is defined by: <ul style="list-style-type: none"> • The time period over which the batch is produced (or traded) up to a maximum batch period of three months; • Content of the batch consisting of the same/similar raw material; and • A single production site at which the products covered by the batch has been produced (or traded) (term is applicable to the percentage systems)
Ownership	Pertains to the period that the certified wood and forest product remains the responsibility of an organisation in the certification chain.
Physical separation	Where certified wood and forest products are received and clearly marked or otherwise identified, and certified products remain identifiable throughout the certification chain.
Processes	The application of one or more links within the certification chain.
Recognised systems of sustainable forest management	A system or scheme for sustainable forest management certification recognised as substantively equivalent to the AFS.
Third-party	An independent organisation, accredited by a reputable accreditation organisation and in possession of sectoral expertise that provides certification services.
Verify	The process or action to prove a statement or claim.

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Wood and/or forest products	Includes logs, solid wood, manufactured wood and timber products, pulp and paper products, and other forest products, whether in raw material or finished form, including composite products containing such materials. NOTE: Includes the applicable categories of wood raw material.
Wood raw material	Categories of wood raw material being: Category 1 which includes AFS certified wood raw material or certified wood raw material from other national certification schemes recognised as substantively equivalent to the AFCS. Category 2 which includes recycled wood and recycled fibres (post-consumer wood and fibres) and reclaimed pre-consumer by-products from processes in manufacture where these are not traceable to virgin wood sources through a chain of custody. Category 3 which includes wood raw material harvested from urban forestry and non-wood waste material (e.g., agricultural fibre and rags), starch and pigments. Category 4 which includes other wood raw material not specified in categories 1, 2 or 3. NOTE: For organisations seeking to use recycled wood raw material in mixed products, <i>Appendix F</i> can be used for the definitions of wood raw material.

In this Australian Standard, unless the contrary intention appears, the singular includes the plural and vice versa.

1.6 Normative references

Standards Australia International Standards

AS 4708(Int)—2003 The Australian Forestry Standard

AS/NZS ISO 9001:2000 Quality management systems—Requirements

AS/NZS 3843:1998 Guide 65: General requirements for bodies operating product certification systems

AS/NZS ISO 14001:2004 Environmental management systems—Requirements with guidance for use

AS ISO/IEC 17000—2005 Conformity assessment—Vocabulary and general principles

SECTION 2 Chain of custody requirements

2.1 Overview

In order to provide for a credible, third-party independent and operational CoC system for wood or forest products, a number of guiding principles provide the necessary support to the criteria and requirements of such a system. These principles are:

1. CoC certification is a complementary activity to the AFS forest management certification and aims to support continual improvement towards sustainable wood production in Australia. It seeks to assure buyers and consumers that the certified wood or forest products they purchase are the products of well-managed forests and from participating processing/manufacturing companies.
2. The CoC system is used to track wood or forest products to meet the certification needs of all organisations along the certification chain such as forest managers and owners, sawmills, wood-based panel mills, pulp and paper mills, converters, publishers, printers, wholesalers retailers, buyers groups, customers, and the community at large.
3. Accredited, independent, third-party certification bodies will be responsible for the verification and auditing of the performance requirements of the CoC system and as such play an important role in safeguarding its credibility.
4. Organisations in the certification chain are responsible for ensuring the credibility of the CoC system as their day to day business activities will affect the outcomes of the CoC system.
5. Continual improvement is the basis for the AFS forest management certification and it will be the basis for the CoC system so as to ensure that the criteria and requirements are regularly reviewed and revised to incorporate changes that will improve their effectiveness.

The requirements of the CoC system are derived from certain elements of like standardisation initiatives such as those under the certification schemes of internationally recognised systems of sustainable forest management and from a review of other national and international standards to provide an Australian context for the development of a national CoC system.

2.2 Chain of custody requirements

This section sets out the essential criteria and the performance requirements for an organisation participating in a CoC system and that is seeking certification of that system.

2.2.1 Management commitment to CoC

The organisation shall define a management policy that includes a commitment to:

- supporting any claims related to the source of wood and forest products with CoC certification;

- providing assurance of the continuity, integrity and validity of the CoC system and the wood and forest products certified by it;
- ensuring compliance with applicable laws and/or regulations covering environmental impacts of the manufacturing facility;
- recognising the right for personnel to collectively bargain consistent with the International Labour Organisation conventions; and
- continuous improvement of the CoC system.

The organisation shall ensure that procedures, controls and guidelines are in place and roles and responsibilities are defined in order to implement the CoC system.

The organisation shall ensure that staff and contractors have appropriate skills, competencies and available resources that are essential to the implementation and control of the CoC system.

The organisation shall identify a management representative with the responsibility and authority to implement and maintain the CoC system. Senior management of the organisation shall annually review the effectiveness of the CoC system.

The organisation shall ensure that its manufacturing facility meets or exceeds all applicable laws and/or regulations covering health and safety of personnel.

2.2.2 Documented control system

The organisation shall establish, document and update a control system that addresses the CoC system for its certified wood or forest products and which:

- specifies the personnel responsible for control of the CoC system and their specific responsibilities in relation to the system;
- identifies the infrastructure and technical facilities required for the implementation and maintenance of the organisation's CoC system;
- describes the raw material flow within the production process;
- specifies components of an information system or parts thereof that relate to the CoC system including the necessary forms, records or documentation as well as activities or actions; and
- details specific and correct requirements for completing the components of the information system or parts thereof including the necessary forms, records or documents.

NOTE 1: The control system may be in a hard copy or an electronic format but must be suitable for audit inspection for a period of at least five years after the product has passed to the next link in the certification chain.

NOTE 2: The responsibilities of the personnel in control of the CoC system could include:

- wood or forest product purchasing, product processing and sales;
- product labelling, when applicable;
- record keeping; and

- internal audits and non-conformity control.

NOTE 3: The personnel may need to include transport or haulage organisations that are contracted by the organisation as part of their CoC system.

2.2.3 Personnel training and development

The organisation shall provide or have a system in place that provides for the:

- training and orientation of the personnel involved in the handling and presentation of certified wood or forest products and non-certified products;
- training of personnel sufficient for them to understand their specific responsibilities in the implementation and control of the CoC system;
- written instructions/guidelines or an accessible electronic system covering instructions/guidelines on the CoC system handling and presentation procedures and policies for certified wood or forest products and non-certified products; and
- local and regional workforce to be given employment opportunities at the manufacturing facility.

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2.2.4 Verification of origin

2.2.4.1 Origin

The organisation that initially receives wood or forest products direct from the forest shall implement a recognition system for verification of the origin of the wood or forest products used in subsequent processes and also for procured wood or forest products. The recognition system shall distinguish between certified and non-certified sources, including specification of the percentage of certified products in each delivery.

NOTE 1: The organisation's recognition system needs to provide adequate detail of the origin of the product to ensure no ambiguity of locality, place or area exists. For example, it may be coupe/compartement/block³; portion/parish⁴; or section/lot/deposited plan⁵ or equivalents of a named DFA identified by an AFS certificate number.

NOTE 2: The verification of the origin through a recognition system is only directly relevant to the initial receiving organisation i.e. for products direct from a forest or stated source.

These details cannot necessarily be maintained past the initial point of merchandising or processing and it is not intended that they should. For organisations beyond the initial receiving organisation, they have access to:

- details of wood or forest product status (from certified source or not) or percentage of certified content in the products; and
- documentation supporting this information, e.g., certificates, delivery notes, invoices, etc.

³ An area of State forest or Crown Lease/Land delineated on a map or within a Geographic Information System (GIS) usually with an alpha and/or numeric identifier. Similar identifiers may be used on industrial forest holdings.

⁴ A system to identify freehold properties by legal title and reference to a map or within a GIS

⁵ A system to identify freehold properties by legal title and reference to a map or within a GIS

When an organisation receives or procures wood or forest products that are claimed to be from certified sources, its recognition system shall ensure that:

- the material or products are sourced from a forest for which the forest manager or owner, or a member of a group certification scheme holds a valid forest management certificate that meets the requirements of the AFS or equivalent; or
- the supplier of either material or products has a valid CoC certificate.

In addition, an organisation's recognition system shall ensure that a copy of a document verifying the certified status, e.g., forest management certificate or CoC certificate of the forest manager or owner, group certification scheme, or supplier being the previous link in the certification chain, is held current and valid.

The organisation shall use its best endeavours to ensure that the documentation supplied on the origin of receipted or procured wood or forest products relates to that product and is authentic. If the organisation has cause to doubt, or is in dispute over the authenticity of any CoC certificate or associated documents, the organisation shall undertake the necessary checks with the certification body or the supplier in question to validate the CoC certificate or associated documents.

NOTE: In terms of authenticity, the organisation needs to ensure that the scope of any CoC certificate covers the wood or forest products purchased from a forest manager or owner, a group certification scheme or a supplier.

2.2.4.2 Approaches to Chain of Custody verification

In order to verify the origin of wood or forest products, the organisation shall select either an inventory control and accounting of raw material flow option (see *Appendix A*) or a physical separation and/or marking of raw material option (see *Appendix B*) as its preferred Chain of Custody system.

Organisations utilising recycled wood based raw materials in the chain of custody verification shall implement the specifications for the origin of wood based material and recycled wood based raw materials as defined in *Appendix F*.

NOTE 1: The inventory control and accounting of raw material flow option incorporates two approaches for calculating the percentage of certified material within the output batch, namely a percentage input/output system (%in / %out) or a rolling average percentage method. Both approaches are described in further detail in *Appendix A*.

NOTE 2: An organisation seeking CoC certification may choose the most appropriate option of the two available, noting that one option has two distinct approaches, for different facilities if it requires such flexibility due to the mix of inputs. If the organisation carries CoC certification, it can change its current option or approach to an alternative option or approach provided it complies with the criteria and requirements of this Standard and seeks the prior approval of the certification body. This may or may not, at the discretion of the certification body, be contingent on an audit of the organisation.

NOTE 3: An organisation applying the rolling average percentage method must transfer the certification percentage to the product(s) included in the output batch using the average percentage method or volume credit method. Both of these methods are described in further detail in *Appendix A*. Additional guidance on these methods is described in *Appendix D*.

2.2.4.3 Illegal operations or sources

The organisation shall ensure that no wood or forest products known to be from illegal operations or sources, under relevant domestic and/or international law, enters any stages within the organisation's link along the certification chain.

The organisation shall request a signed self declaration by suppliers of non certified raw materials that the supplied raw material does not originate from an illegal operation or source. Where contracts have been signed with suppliers, the organisation shall include such a declaration within the current contract.

Consistent with the requirements of the organisation's document control system, the organisation shall document risk assessment procedures for evaluating the potential risk of procuring raw material from illegal sources.

The potential risk evaluation carried out by an organisation shall be based at the regional/country level. Where a high risk level exists, the organisation shall establish a sampling based program of second- or third-party verification of the suppliers' self-declarations.

A1 | The organisation shall also demonstrate its compliance with *Appendix G* in conjunction with the above four requirements.

NOTE: Recognised systems of sustainable forest management certification all require compliance with applicable national law as a means to demonstrate legality of wood or forest product sources.

2.2.5 Final inspection

The organisation shall carry out a final inspection of certified wood or forest products at the end of their link in the certification chain, and prior to distributing to the next link, to ensure that:

- identification and traceability has been established and maintained throughout the certification chain;
- necessary tracking and recording has been completed in the document system; and
- relevant data, documentation and records are complete, duly authorised and retained for audit purposes for a period of five years.

The organisation, where appropriate circumstances permit practical application, shall store certified wood or forest products separate from non-certified wood or forest products.

2.2.6 Record keeping

The organisation shall maintain appropriate records of all wood or forest products procured, processed or sold. The records shall relate to purchase, delivery, shipment, receipt, forwarding and invoicing of certified wood or forest products and include information on their category status.

The records shall be sufficient to allow both an organisation and/or a certification body or an independent assessor to undertake traceability to and from certified input and certified output and to determine the conversion rates for manufacture of certified output from given certified input.

The organisation shall conduct internal audits of the CoC system and shall maintain records of such audits of the CoC system and any non-conformity that occurred, and corrective or remedial action that has been taken. In the event of non-conformity, a corrective or remedial action report shall include the changes necessary to the CoC system that could be expected to prevent a reoccurrence of the non-conformity. At no time shall the internal audits be less frequent than third-party audits.

NOTE: It would be expected that a certification body would examine all non-conformances contained in a non-conformance register at the routine external audits.

The organisation shall seek the prior approval of the certification body for any change to its selected option or approach to CoC system verification under requirement of clause 2.2.4.2.

The records, including management reviews and audit and corrective or remedial action reports, shall be stored and maintained in such a manner to ensure ease of retrieval and protection against damage, deterioration, tampering or loss.

All records shall be kept for a minimum period of five years.

2.2.7 Use of certificates

The organisation shall have controls to ensure that its CoC certificate is not misused.

The organisation shall acknowledge that the certification body is responsible for verifying the CoC system and the certification body controls and supervises the use of the CoC certificate.

The organisation shall acknowledge that the certification body uses a two-tier system for breaches of the CoC system prior to undertaking punitive action. The breaches in order of severity are minor non-conformance and major non-conformance.

NOTE: Prior to issuing breach notices, the certification body may issue an observation to the organisation as an indication that corrective and remedial action may be warranted to avoid notifiable breaches of the CoC system.

The organisation shall acknowledge that the certification body may cancel the CoC certificate where it has transparent and sufficient reasons to conclude that misuse has occurred.

2.2.8 Continuous improvement

The organisation shall demonstrate throughout its CoC system that it has relevant and appropriate mechanisms in place to facilitate the continuous improvement of its CoC system.

The organisation shall:

- maintain a record of all complaints or comments made known to the organisation relating to its CoC system;
- take appropriate corrective and preventative action to deal with deficiencies in its CoC system;
- provide a documented record of corrective and preventative actions undertaken in its CoC system;
- establish and implement a program of periodic internal checking, auditing, corrective action and review of its CoC system; and

- ensure that internal audits are at a relevant frequency and take into account the outcomes of previous internal audits.

SECTION 3 Implementation

3.1 Certification bodies

Certification bodies are accredited and independent third-party organisations, which assess and verify the tracking system for the origin of wood or forest products in each link of the certification chain.

The tasks of a certification body include:

- verifying the whole CoC system and the proportion of certified wood or forest product in each link of the certification chain;
- issuance, monitoring and withdrawal of CoC certificates;
- advice on the issuance and withdrawal of CoC certificates to Australian Forestry Standard Limited; and
- monitoring and control of the use or misuse of CoC certificates including the certificate holder's statements and any market claims.

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3.2 Accreditation body

The national accreditation body, the Joint Accreditation System of Australia and New Zealand (JAS-ANZ) accredits certification bodies to audit and certify particular standards to ensure the transparency and credibility of the certification process. It also ensures third-party competence and independence in regards to certification activities and to facilitate mutual recognition. Certification bodies undertaking CoC certification to this CoC standard should be accredited by JAS-ANZ.

3.3 Certificates

In order to verify the origin of certified wood and forest products as they move from the DFA or stated source to the end consumer, CoC certificates will be required from each link in the certification chain, which includes:

- roundwood producers or traders;
- primary and secondary processors;
- manufacturers and re-manufacturers; and
- traders and/or retailers who break up packages and resell goods in unit or a different form from its originally purchased form.

In terms of transport between the links, any transport or haulage operations will need to be included either within the CoC system of a link whether owned or contracted by an organisation or, if independent of a link, the transport or haulage organisation will need to be certified to this Standard.

A claim regarding the origin of wood or forest products at any point in the certification chain shall be supported by an unbroken chain of CoC certificates for each preceding link, back to the certified forest or source of origin.

APPENDIX A

INVENTORY CONTROL AND ACCOUNTING OF RAW MATERIAL FLOW

(Normative)

NOTE: In this option, the wood or forest products become the inputs for raw material flow or certified material, which become the commonly used terms once the wood or forest products are in the processing stream.
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General

A1 The organisation shall ensure that it is able to verify the origin of or accept clearly marked wood or forest products before and after transport, handling and processing on the basis of relevant documentation.

A2 The organisation shall be able to verify the volumes and/or weights of wood or forest products coming from different suppliers on the basis of documentation covering deliveries received at its site or facility.

A3 The organisation shall maintain reliable and current data by volume and/or weight on any wood or forest products which are mixed such that an independent certification body would be able to verify, as easily identifiable, the appropriate share of any mix during selected production periods.

A4 The organisation shall maintain a record system in which information on the suppliers of wood or forest products can be attached to wood or forest products or associated documentation.

A5 The organisation shall ensure that the percentage by weight or volume of all wood or forest products deliveries are documented up to the point of feeding into the processing stream to allow for detailed accounting of material flows. The monitoring of material flows shall provide clear and transparent information about the share of certified wood used in various products.

NOTE: This method allows for the establishment of certified material flows in the procurement system, which includes the identification of the shares of certified wood or forest product in each intermediate storage or product yard at any given point of time and can be applied to each phase in the certification chain.
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Percentage Input/Output system

A6 An organisation shall be deemed to be utilising the percentage input/output system (or %in / %out) when it operates at a site, facility or production line with a known percentage of certified material (i.e., an input batch) entering the processing stream and the same percentage of production from that stream (i.e., output batch) being considered to be certified products.

A1

When an organisation is not able to define:

- i) a single measurement unit for all output products of the output batch; or
- ii) input batch products with different ratios between input wood raw material volume and output product volume,

the organisation shall transfer the certification percentage separately for the products with different measurement units or the input/output ratio.⁶

A7 The assessment of the percentage of inputs and outputs is, on an average basis, over a period of up to three months that is equivalent to the period of the output batch.

NOTE: This system is particularly appropriate where there is a discrete batch of certified wood or forest product being processed, and the batch does not account for all of the production being processed and/or sold.

Rolling average percentage system

A8 The organisation applying rolling average percentage system shall calculate the certification percentage for the specific batch using the quantity of raw material procured in the specified previous time period. The total maximum time for the rolling average calculation shall not exceed twelve (12) months.

The calculation shall be based on the volume or weight of all wood or forest products, including solid wood, assembled goods, pulp and paper, wood chips and fibre (see *Appendix C*). The documentation accompanying certified material shall specify the basis of its certification.

NOTE 1: This system can be applied where certified wood accounts for a proportion of the wood input, but where it is difficult and/or costly to segregate certified wood inputs from non-certified wood inputs through the processing stream.

NOTE 2: The unit of certified wood can be specified by either weight or volume. In the case of weight, the moisture content and basis of determination (e.g., at 0% or 12% and whether wet/dry) must be specified. In the case of volume, it must be specified whether gross or net. These units are used to determine the percentage of certified wood in wood products and must be applied consistently. The applicable unit will be decided by the organisation and verified by the certification body.

⁶ An example would be for input wood raw material into a sawmill of 1 000 cubic metres, which contains 80 per cent certified content, provides a certification percentage on the output batch, which can have products in cubic metres (sawn timber) or tonnes (woodchips, sawdust) of 80 per cent on each of the products.

Transfer of the calculated percentage to the outputs can be achieved using the following approaches:

1. The average percentage method: The certified wood percentage (P_c) is transferred to all the outputs of the batch through an average percentage claim. The batch products will be certified as containing $P_c\%$ of certified wood.

NOTE: Under the average percentage method, the minimum average percentage for certification claims via labelling shall be not less than 70% by volume or by weight for all wood or forest products, including solid wood, assembled goods, pulp and paper, wood chips and fibre.

2. The volume credit method: The certified wood percentage (P_c) is transferred to only part of the outputs of the batch. The volume credits are transferred in such a way that the products receiving these credits are certified as containing 100% of certified material.

Under the volume credit method, an organisation shall transfer the certification percentage into volume credit separately for products included in the output batch that have different measurement units or input/output ratios.

The organisation can accumulate the volume credits by creating a credit account, which can be used for subsequent batches. The total quantity of credits accumulated at the credit account cannot exceed the sum of credits entered into the credit account during the last twelve months.

Additional guidance on the transfer of the certification percentage to the output(s) is provided in *Appendix D*.

A9 An organisation utilising either method shall monitor raw material flows (input batches) in accordance with:

- (a) a maximum monitoring period of up to twelve months;
- (b) the actual period to be calculated as a rolling average of the output;
- (c) the organisation determining the period; and
- (d) any calculations for the period based on verifiable documentation.

A10 The system shall have the capacity to ensure that any product sold by the organisation as certified is accompanied by documentation issued by the organisation to a purchaser being the next link in the certification chain.

The documentation shall include:

- (a) a description of the product;
- (b) the volume/quantity of the product;
- (c) category of the input material's origin (including percentage of certified raw material if a percentage-based method was used by the organisation or the supplier(s) of the certified raw material);
- (d) date of delivery or period of delivery or accounting period; and

(e) the organisation's CoC certificate registration code and expiry date.

The information provided on the sales invoice from one organisation (output from a link) shall be regarded as input information for the receiving organisation (input for a link) at the commencement of its processes.

NOTE: The intent of this system is that the rolling average percentage be applied using the same moisture content basis for more than one source of input. In practice, this is difficult unless there is allowance for the use of verifiable conversion factors and sampling methods to apply these. For example - Certified chip comes into a particleboard plant at a nominal 130% moisture content (MC) from one source and non certified chip comes in from source B at 90% MC. Sampling techniques are used on each batch from each source to predict the MC of the chip from each source. From this, the Bone Dry weight (i.e., at 0% MC) can be calculated for each, and then the blending ratio can be used to determine whether the 70% minimum on the basis of weight is achieved.

APPENDIX B

PHYSICAL SEPARATION AND/OR MARKING OF RAW MATERIALS

(Normative)

B1 The organisation participating in this option shall ensure that only certified wood or forest products, which have been verified by the physical separation approach in all previous stages, are utilised at its site, facility or production line for processing to a certified product.

The organisation should store certified inputs and products in separate designated areas to augment the physical separation option.

B2 The organisation shall ensure that when wood or forest products are received at a site, facility or production line that they are clearly marked or have distinguishing marks to indicate their origin and are otherwise readily identifiable as certified inputs or products.

NOTE: Clearly marked or distinguishing marks may take the form of colour coding, branding, bar coding, stencilled brand or other form of CoC coding (to be determined). All such coding will assist the organisation and the certification body in the identification of certified inputs and products. A mechanism should be available to enable the certification body to readily decode the distinguishing mark(s) and trace the product in the organisation's CoC system.

B3 Certified inputs or products shall remain readily identifiable as certified throughout the certification chain.

The organisation shall achieve this by:

- (a) directing wood or forest products to separate mills, sites, facilities or production lines;
- (b) using products at different times or runs if the organisation has certified products and non-certified products at the same mill, site, facility; or
- (c) marking the certified products prior to, and at all stages in any process to ensure that intermediate, semi-processed and end products can be identified as certified.

NOTE: The option of marking certified inputs or products may not be relevant for chips, flakes, shavings, sawdust or particles due to inherent logistical constraints of such products. Also for some products e.g., veneers, marking may have a detrimental effect on the appearance of the end product.

B4 The organisation shall demonstrate that it has a verifiable method to distinguish certified from non-certified products where such products are unable to be readily marked due to logistical, appearance or other reasons.

B5 The organisation shall ensure that wood or forest products are clearly marked or labelled or otherwise readily identifiable in a way that the marking or labelling does not become detached, ambiguous or otherwise indistinguishable during storage, handling, packaging, transportation or delivery.

B6 The organisation shall have a transparent system to record information on the certification status of wood or forest products in relevant documents or reports.

B7 The system shall have the capacity to ensure that any product sold by the organisation as certified is accompanied by documentation issued by the organisation to a purchaser.

The documentation shall include:

- (a) a description of the product;
- (b) the volume/quantity of the product;
- (c) category of the input material's origin (including percentage of certified raw material if a percentage-based method was used by the organisation or the supplier(s) of the certified raw material);
- (d) date or period of delivery or the accounting period; and
- (e) the organisation's CoC certificate registration code and expiry date.

APPENDIX C

CALCULATION OF CERTIFICATION PERCENTAGE FOR THE PERCENTAGE SYSTEMS

(Normative)

The calculation of the certification percentage is based on the following formula:

$$P_c = [W_c / (W_c + W_{nc})] * 100$$

where

P_c = Certification percentage

W_c = Quantity of Category 1: AFS or equivalent certified or AFS or equivalent recognised wood raw materials over a maximum of twelve months (See Definitions)

W_{nc} = Quantity of Category 4: Non-certified (other) wood raw material over a maximum of twelve months (See Definitions)

NOTE 1: The quantities of Category 1 and 4 wood raw materials must be in the same units. Category 2 and 3 wood raw materials are excluded from the determination of the certification percentage as they are considered to contain recycled or neutral wood or fibre respectively in relation to the certification status.

NOTE 2: The calculation of the certification percentage applies to both Percentage Input/Output system and Rolling average percentage system in *Appendix A*.

APPENDIX D

TRANSFER OF THE CALCULATED CERTIFICATION PERCENTAGE TO THE OUTPUTS

(Informative)

The rolling average is calculated using the volume or weight of raw material procured in the specified previous period. As a maximum, the rolling average can be applied over the last 12 months. The following Table 1 provides an example of the rolling average method and transfer of the percentage to the outputs.

TABLE 1
EXAMPLE OF ROLLING AVERAGE METHOD

Month	Volume of certified raw material ('000 t)	Volume of other raw material ('000 t)	Sum cert. raw material for prev 12 months ('000 t) ¹	Sum other raw material for prev 12 months ('000 t) ²	12 month rolling avg % ³	Total output volume of batch ('000 t)	Volume of certified product			
							Avg % vol ('000t) ⁴	%	Vol credit vol ('000 t) ⁵	%
1	15.0	90.0	15.0	90.0	14.29%	73.5				
2	15.0	90.0	30.0	180.0	14.29%	73.5	73.5	14.29%	10.5	100%
3	15.0	90.0	45.0	270.0	14.29%	73.5	73.5	14.29%	10.5	100%
4	25.0	90.0	70.0	360.0	16.28%	80.5	80.5	14.29%	11.5	100%
5	20.0	90.0	90.0	450.0	16.67%	77.0	77.0	16.28%	12.5	100%
6	15.0	90.0	105.0	540.0	16.28%	73.5	73.5	16.67%	12.3	100%
7	20.0	90.0	125.0	630.0	16.56%	77.0	77.0	16.28%	12.5	100%
8	25.0	90.0	150.0	720.0	17.24%	80.5	80.5	16.56%	13.3	100%
9	25.0	90.0	175.0	810.0	17.77%	80.5	80.5	17.24%	13.9	100%
10	20.0	90.0	195.0	900.0	17.81%	77.0	77.0	17.77%	13.7	100%
11	20.0	90.0	215.0	990.0	17.84%	77.0	77.0	17.81%	13.7	100%
12	15.3	90.0	230.3	1080.0	17.58%	73.7	73.7	17.84%	13.2	100%
A1 13	16.5	90.0	231.8	1080.0	17.67%	74.6	74.6	17.58%	13.1	100%
14	8.1	90.0	224.9	1080.0	17.24%	68.6	68.6	17.67%	12.8	100%
A1 15	8.1	90.0	218.0	1080.0	16.79%	68.6	68.6	17.24%	11.8	100%
16	23.4	90.0	216.4	1080.0	16.69%	79.4	79.4	16.79%	13.3	100%

(continued)

TABLE 1 (continued)

1. The quantity of certified raw material is calculated as the sum of volumes certified procured in the previous 12 months. When the organisation starts the CoC system and the time period used in rolling average calculation is shorter than the time period the chain of custody has been in place, the calculation of the rolling average is carried out from the volumes procured since the chain of custody was established.
2. The quantity of other raw material is calculated as the sum of volumes of other raw material procured in the monitoring period.
3. The rolling average percentage is calculated using the formula listed in *Appendix C*.
4. The volume of certified products using the average percentage method for the output batch of the 2nd month is calculated from the volume produced or sold in the 2nd month and the last rolling average percentage (calculated in the previous month). The total volume of the certified products is equal to the total volume of output batch. The percentage of the certified raw material claimed in the certified products is equal to the last calculated rolling average. In month 2 the organisation has produced 73 500 tonnes of certified products which include 14.29% of certified raw material. The organisation can label the certified products if the content (percentage) of included raw material exceeds a minimum threshold of 70%.
5. The volume of certified products using the volume credit method for the output batch of the 2nd month is calculated from the volume produced or sold in the 2nd month and the last rolling average percentage (calculated in the previous month). The volume of the certified products of the output batch equals the total volume of the output batch by the last calculated rolling average. The percentage of the certified raw material claimed in the certified products always equals 100%. In month 2 the organisation can sell 10 500 tonnes as 100% certified.

Transfer of the certification percentage

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

If an organisation is using the volume credit system for a output batch consisting of more products, for which a single measurement unit is not appropriate, or the products have different conversion ratios between inputs and outputs, the organisation shall transfer the certification percentage separately for each product(s). An example is shown in Table 2.

TABLE 2
EXAMPLE OF TRANSFER OF CERTIFICATION
PERCENTAGE TO OUTPUTS USING VOLUME CREDIT

Content of the output batch	Ratio input/output	Certification percentage	Output volume ('000 t)	Certified volume credit ('000 t)	Distribution of credit within the output batch ('000 t) ¹
Pulp	0.3	55%	100	55	55
Paper A	0.25	55%	100	220	100
Paper B	0.25	55%	100		70
Paper C	0.25	55%	100		50
Paper D	0.25	55%	100		0
		Total	500	275	275

¹ Distribution of the certified raw material among the paper products A - D is decided by the organisation

Volume credit accumulation

An organisation can establish a volume credit account for the product group covered by the specific output batch or specific products of the output batch. An example of the process and an appropriate register of volume credits are shown below (Table 3).

TABLE 3
EXAMPLE OF VOLUME CREDIT ACCUMULATION

Month	Credit volume for output batch (000 t)	Credit account (000 t)	Max. credit account (000 t)	Used credits (000 t)
1	0	0		0
2	10.50	10.5	10.5	0
3	10.50	21.0	21.0	0
4	11.50	32.5	32.5	0
5	12.53	45.03	45.03	0
6	12.25	57.28	57.28	0
7	12.53	69.82	69.82	0
8	13.33	83.15	83.15	0
9	13.88	97.03	97.03	5
10	13.68	105.71	110.71	0
11	13.71	119.42	124.42	0
12	16.32	135.74	140.74	0
13	15.33	151.07	156.07	0
14	16.54	157.11	162.11	5
15	8.05	159.66	159.66	10
16	8.05	156.21	156.21	50
17	23.41	129.62	167.08	50

The credit account in the table above is calculated as a result of the credit account in the previous month (3rd column), minus volume credits used in the previous month (5th column), plus the volume credit calculated for the current month (2nd column).

Thus a normal monthly scenario is: Previous month's Credit account minus Previous month's Used credits plus Current month's Credit volume for output batch equals Credit account.

For example: Month 10 calculation would be: 97 030 – 5 000 + 13 680 = 105 710

However, the total quantity accumulated in the credit account cannot exceed volume credits entered in the volume credit in the previous 12 months (4th column).

For a month which exhibits this scenario, an example would be:

Month 15, the normal calculation would be: $157\,110 - 5\,000 + 8\,050 = 160\,160$ tonnes BUT the maximum credit account must equal 159 660 tonnes in month 15, which is the sum of volume credit for months 4 to 15 and this is the actual figure which needs to be indicated in the Credit account column for Month 15.

APPENDIX E

IMPLEMENTATION OF THE CHAIN OF CUSTODY SYSTEM IN MULTI-SITE ORGANISATIONS

(Normative)

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

This appendix includes only requirements applicable for the multi-site organisation to implement the chain of custody requirements of this standard. Requirements and guidance for the certification / registration bodies for the assessment and certification of a multi-site organisation are described in the IAF Guidance on the Application of ISO/IEC Guide 62:1996⁷ *General requirements for bodies operating assessment and certification/ registration of quality systems* and IAF Guidance on the Application of ISO/IEC Guide 66:1996⁸ *General Requirements for Bodies Operating Assessment and Certification/ Registration of Environmental Management Systems, EMS*.

Definitions

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

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

⁷ <http://www.jas-anz.com.au/web/DOCS/form36.pdf>

ISO/IEC Guide 62 provides general requirements for a third-party body dealing with certification/registration of quality systems has to meet if it is to be recognized as competent and reliable.

⁸ <http://www.jas-anz.com.au/web/DOCS/policy7-03.pdf>

The guidance is intended to ensure that all certification/registration bodies accredited by IAF members are demonstrably competent to operate the accredited EMS programs.

Examples of possible multi-site organisations are:

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

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

Eligibility criteria for the multi-site organisation

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

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

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

Function and responsibilities of the central office

The central office of the multi-site organisation shall:

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

Function and responsibilities of sites

Sites connected to a multi-site organisation shall be responsible for:

- implementation and maintenance of the chain of custody requirements in accordance with this standard;
- responding effectively to all requests from the central office or certification / registration body for relevant data, documentation or other information whether in connection with formal audits or reviews or otherwise;
- providing full co-operation and assistance in respect of the satisfactory completion of internal audits, reviews, relevant routine enquiries or corrective actions; and
- implementation of relevant corrective and preventive actions established by the central office.

APPENDIX F

SPECIFICATION OF THE ORIGIN FOR THE PURPOSES OF RECYCLED WOOD BASED RAW MATERIALS

(Normative)

The definitions as set out in this Appendix shall be used together with the erstwhile criteria and requirements of this CoC Standard if an organisation utilises recycled wood based raw materials in its production line for a mixed product as its final product.

The organisation shall calculate and communicate separately specific information on:

- (a) content of AFS certified wood raw materials (Table 1); and
- (b) content of recycled wood based raw materials (Table 2).

TABLE 1
CONTENT OF AFS CERTIFIED WOOD RAW MATERIAL

Category	
1	AFS certified wood raw material or certified wood raw material from other national certification schemes recognised as substantively equivalent to the AFCS
3	Wood harvested from urban forestry and non-wood waste material (e.g., agricultural fibre and rags), starch and pigments.
4	Other wood raw material not specified in categories 1 or 3.

TABLE 2
CONTENT OF RECYCLED WOOD BASED RAW MATERIALS

Category	
1	i) Post-consumer wood raw material and fibres procured directly from recycling facilities or collection centres: <ul style="list-style-type: none"> a) where non-chemical contaminants are absent⁹; b) whose chemical characterisation is known and complies with existing regulations for chemical contamination as currently applicable¹⁰ ii) Wood based raw material sold as ‘AFCS recycled’: <ul style="list-style-type: none"> a) by the supplier with the valid chain of custody certificate issued by an accredited certification body as being in compliance with this chain of custody standard used together with the definition of the raw material origin; b) by the supplier with a document confirming participation in multi-site organisation with valid chain of custody certificate as specified in (a).
3	wood harvested from urban forestry and non-wood waste material (e.g., agricultural fibre and rags), starch and pigments.
4	Other wood raw material not specified in categories 1 or 3.

A1 An organization shall elect to use either the percentage systems (Appendix A) or physical separation (Appendix B) when Tables 1 or 2 define the specifications of the wood raw materials.

⁹ The absence of non-chemical contaminants such as soil, concrete, slate, stones, textile, plastic, rubber or metal is ensured by: (1) avoiding of collecting the non-chemical contaminants, (2) visual control and removal of the non-chemical contaminants on the entry of waste pre-processors centres and (3) visual control and removal of the non-chemical contaminants on the entry of reclaimed raw material processors (wood based panels units, pulp mills, etc.). National specifications, when and where they apply, would be used for the determination of the relevant amount of non-chemical contaminants.

¹⁰ As the technology is still being developed to allow post consumer wood raw material users to carry out practical testing to detect low levels of chemical contamination, the post-consumer reclaimed raw material shall be tested for the chemical contamination using currently available and cost effective methods. The limit values of chemical contamination should comply with existing regulations. Other specifications for chemical contamination of post-consumer raw material need be considered if available and applicable.

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APPENDIX G

AVOIDANCE OF THE PROCUREMENT OF RAW MATERIAL FROM CONTROVERSIAL SOURCES

(Normative)

1. Objective and Scope

The objective of this appendix is to provide structured requirements which elaborate on those requirements of clause 2.2.4.3 of AS 4707—2006 relating to the avoidance of procurement of wood raw material from illegal operation or sources or from controversial sources.

Note 1: The term controversial sources is defined as illegal or unauthorised harvesting¹¹.

Note 2: Although the document has been developed for the purposes of avoidance of procuring raw material from controversial sources as defined by the above, the basic concept of suppliers' self-declaration¹², risk analysis and 2nd or 3rd party verification programme could also be utilised for other issues identified by the organisation, outside the scope of the above definition.

2. Self-declaration of suppliers

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

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

¹¹ Examples of the illegal and unauthorised harvesting include harvesting in forest areas protected by law as well as in forest areas officially published by government authorities (or body with the legal authority to do so) as planned to become strictly protected by law; without the government authorities (or the body with the legal authority to do so) giving permission to harvest.

¹² An example of a supplier's self-declaration could be through the implementation of AS ISO/IEC 17050.1—2005 Conformity assessment – Supplier's declaration of conformity. Part 1: General requirements and AS ISO/IEC 17050.2—2005 Conformity assessment – Supplier's declaration of conformity. Part 2: Supporting documentation

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2.2 The supplier's self-declaration shall include:

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

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

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

3. Risk assessment

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

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

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

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

3.4 The organisation shall determine the risk, based on the combination of the likelihood at country / region level and the likelihood at the supply chain level and classify all supplies as

A1 “high” risk where both the likelihood at the country / region level and the likelihood at the supply chain are assessed as “high” (See Diagram 1).

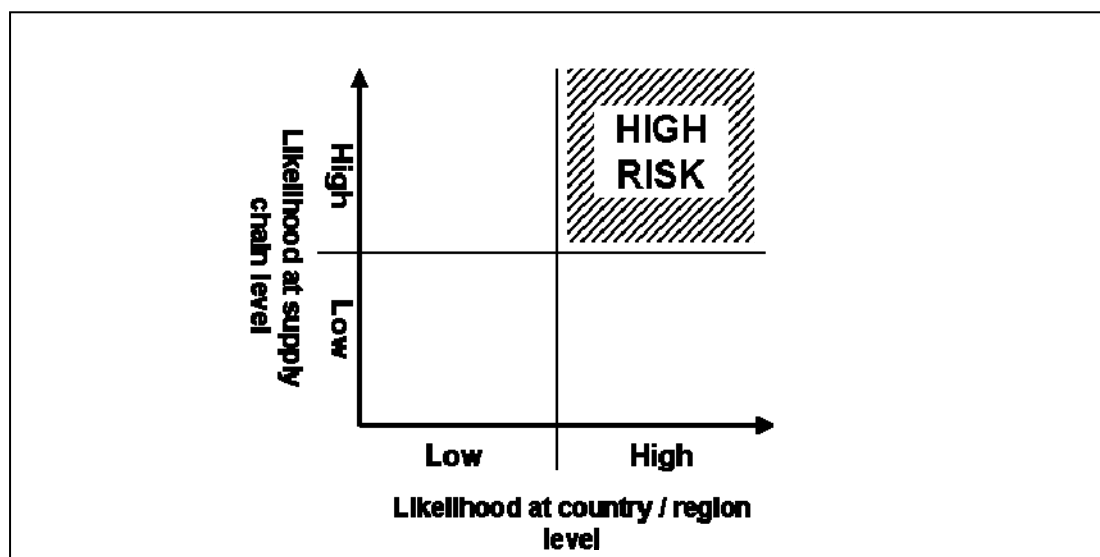


Diagram 1: Determination of “high” risk supplies by combination of likelihood at country / region level and supply chain level

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

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

Indicators	Examples of external reference sources)
The country / region is covered by a UN Security Council ban on timber exports.	Currently applied to Liberia since July 2003 (UN Security Council resolution 1521 (2003) http://www.un.org/docs/sc/unsc_resolutions03.html
The country / region is known as a country with low level of forest law enforcement and high level of corruption.	In defining this indicator, the organisation can use its internal surveys or results of surveys of external governmental or non-governmental organisations active in monitoring forest law enforcement and corruption such as the World Bank (http://info.worldbank.org/governance/kkz2004/sc_country.asp); the UK based Chatham House, (www.illegal-logging.info); Environmental

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	Investigation Agency (www.eia-international.org); Global Witness (www.globalwitness.org); Transparency International (www.transparency.org); etc.
The country is one where official FAO statistics show a decrease in forest area ¹³	FAO Global Forest Resources Assessment 2005 (ftp://ftp.fao.org/docrep/fao/008/A0400E/A0400E14.pdf)
The organisation has received comments supported by reliable evidence from their customers or other external parties, relating to its supplies with respect to controversial sources, which have not been disproved by the organisation's own investigation.	

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

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

Indicators	Evidence and/or reference to external sources
Supplies declared as certified against a forest certification scheme (other than PEFC Council endorsed) supported by a forest management or chain of custody certificate issued by a third party certification body.	The organisation shall be able to provide evidence that the certification scheme includes: - third party certification of forest management which covers activities defined by the term controversial sources, - third party certification of chain of custody, - a verification mechanism that non-certified raw material does not originate from controversial sources where percentage based claims apply. Examples of PEFC Council non-endorsed forest certification schemes: Forest Stewardship Council, LEI, etc.
Supplies verified by governmental or	The organisation shall be able to provide

¹³ Whilst the FAO Global Forest Resources Assessment is currently the best data available globally, the FAO statistics may change over time due to improvements in data capture and accuracy, definitions, etc that may not reflect on-ground changes.

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<p>non-governmental verification or licensing mechanisms other than forest certification schemes focused on activities covered by the term controversial sources.</p>	<p>evidence on the scope of the verification or licensing mechanism.</p> <p>Examples of verification and licensing mechanisms:</p> <p>EU FLEGT (http://ec.europa.eu/comm/development/body/theme/forest/initiative/index_en.htm)</p> <p>Tropical Forest Trust (www.tropicalforesttrust.com),</p>
<p>Supplies supported by verifiable documentation which clearly identifies all suppliers within the supply chain, forest management unit of the supply origin and provides sufficient evidence on compliance with legal requirements.</p>	<p>Evidence on compliance with legal requirements can be a statement from the law enforcement authority on legal compliance or absence of non-compliance, harvest permit issued or forest management plan approved by the relevant law enforcement authority.</p>

4. Second or third party verification programme

4.1 General

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

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

4.2 Identification of the supply chain

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

4.3 On-site inspections

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

A1 4.3.2 The organisation shall determine a sample to be taken of suppliers for annual on-site inspections. The size of the sample should be at least the square root of the number of direct suppliers of “high” risk supplies: ($y = \sqrt{x}$), rounded to the nearest whole number. Where the previous on-site inspections proved to be effective in fulfilling the objective of this document, the size of the sample may be reduced by a factor of 0.8, i.e.:

($y = 0.8 \sqrt{x}$), rounded up to the next whole number.

4.3.3 The on-site inspections shall cover:

(a) the direct supplier and all previous suppliers in the supply chain in order to assess compliance with the supplier claims on the origin of the raw material; and

(b) the forest owner / manager of the forest management unit of the supply origin or any other party responsible for management activities on that forest management unit in order to assess their compliance with legal requirements.

4.4 Corrective and preventive measures

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

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

(a) communication of the non-compliance with a request for improvements;

(b) requiring suppliers to define corrective measures relating to forest management unit’s compliance with legal requirements or efficiency of the information flow in the supply chain;

(c) cancellation of use of the supplier’s supplies.

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

AMENDMENT CONTROL SHEET

AS 4707—2006

Amendment No. 1(2007)

REVISED TEXT

SUMMARY: This amendment applies to the Table of Contents (Page 3); Section 1.5, Definitions (Page 9); Section 2, Chain of custody requirements – Clause 2.2.3 (Page 13) and Clause 2.2.4.3 (Page 15); Section 3 Implementation, Certification bodies - Clause 3.1 (page 17); Appendix A, Inventory Control and Accounting of Raw Material Flow Clause A6 (Page 20); Appendix D, Table 1 Example of Rolling Average Method; Appendix F (Page 33) and inclusion of Appendix G (Pages 34 to 42).

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