FSC Chain of Custody 101

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Chain of Custody Certified Companies

What is FSC Chain of Custody?
FSC Chain of Custody (CoC) is the path taken by forest products from the forest to the end consumer. The CoC path begins in the forest and follows the supply chain through processing, manufacturing, and distribution. At each step along the supply chain, forest products are tracked using one of three different control systems, ensuring that a credible FSC claim can be made on the outgoing product. The three control systems are called the transfer system, percentage system, and credit system.

Who needs Chain of Custody certification?
Companies along the supply chain that take legal ownership of FSC-certified forest products and wish to make an FSC claim through sales and delivery documents about their products, or label products with the FSC on-product label, must be Chain of Custody certified. CoC certification is required for companies that have legal ownership and want to do one of the following:
1. Pass on an FSC claim to customers through sales and delivery documents.
2. Apply the FSC on-product label.
3. Process or transform FSC certified products and materials.

What companies become Chain of Custody certified?
Any company that wishes to apply an FSC label or sell an FSC-certified product with an FSC claim on sales documents must become Chain of Custody certified. Some examples include:

- Printers
- Lumberyards
- Paper manufacturers
- Paper merchants
- Loggers
- Brokers and traders
- Architectural woodworkers
- Pulp producers
*Lumber yards, retailers, and publishers selling FSC-certified products that are finished and labeled do not always need FSC Chain of Custody certification. Green building programs (e.g. LEED, Living Building Challenge, etc.) and end-users may require FSC claims on invoices from suppliers. For example, lumber yards selling materials to a green building project such as LEED will need to be Chain of Custody certified in order to provide the FSC claim on the invoice to the project.

**Chain of Custody Certification Process**

**How does a company get FSC Chain of Custody certified?**

FSC is a third-party certification system. This allows FSC to maintain the independence and integrity of its policies and standards. Certification bodies are accredited by FSC to conduct audits to FSC standards and provide FSC certification for companies. Companies seeking FSC CoC certification must become certified through a certification body. Small companies may be eligible to seek certification through an FSC Group Certificate. For more information, please visit our [Becoming Certified](https://www.fscus.org/becoming-certified) webpage or see the following for the steps to receiving FSC Chain of Custody certification:

1. Contact a Certification Body or Group Manager.
2. Submit an application to the CB or Group Manager.
3. Complete an on-site assessment of compliance to the FSC Chain of Custody standard.
4. Receive certification approval and begin production and sale of FSC-certified products.
5. Undergo annual audits to maintain CoC certification.

**What is needed to earn Chain of Custody certification?**

FSC-certified companies are audited to the Chain of Custody Standard (FSC-STD-40-004). The FSC Chain of Custody Standard is available for download on the [CoC webpage located on the FSC US Website](https://www.fscus.org). In order to obtain a Chain of Custody certificate, a company must complete the following steps:

1. Check that suppliers have their own current FSC CoC certification and that it covers the FSC-certified material they are (or will be) supplying. Once a company obtains CoC certification, they gain access to tools and resources that help keep them up to date on changes to their supplier’s certification status.
2. Set up a CoC management system (see next question below).
3. Define their Product Groups that will be sold with FSC claims.
4. Contact a Certification Body (CB) to coordinate a time for an on-site assessment.
What is needed to set up a CoC management system?
Each company is responsible for determining how they will satisfy the certification requirements and ensure that FSC certified products are correctly labeled and sold. Section 1 of the Chain of Custody Standard (FSC-STD-40-004) outlines the requirements of the CoC management system in detail. In summary, there are four main parts to a CoC management system that a company needs to set up:

- **Responsibilities**: One person must be designated to take charge of the organization’s compliance with the standard. Key personnel are identified where they are responsible for implementing procedures.
- **Documented Procedures**: All the systems covering certification requirements must be written up as a manual that can be shown to the Certification Body.
- **Training**: All relevant staff must be trained and aware of the requirements. The Certification Body will ask for evidence that all relevant staff have had training. Records must be kept of up-to-date training.
- **Records**: All documents relating to FSC-certified product production, purchase and sales, as well as training records and copies of FSC trademark approvals (for labels and promotional purposes) must be kept for at least 5 years. An up to date list of all FSC product groups covered by the scope of the CoC must be maintained.

The most important areas to cover are Critical Control Points where there is a risk of FSC-certified and non-FSC material being mixed up. For each Critical Control Point the company must show that the system ensures the following:

- **Segregation**: FSC-certified and non-FSC certified product lines must be separable by clear marking in storage area or in me. Segregation can be physical or temporal separation of materials.
- **Identification**: Batches of FSC certified material and FSC Controlled Wood must have secure markings.
- **Documentation**: Copies of sales, purchase and shipping/delivery documents covering FSC certified products must be kept.

**FSC Claims and Labels**

What is an FSC Claim?
An FSC claim is the designation on sales and delivery documents (such as invoices and packing slips) that shows a product’s status as FSC-certified or as an eligible input. FSC claims include:

- FSC 100%
- FSC Mix Credit
- FSC Mix xx%
- FSC Recycled xx%
- FSC Recycled Credit
- FSC Controlled Wood*
* FSC Controlled Wood claims can only be made on sales and delivery documents to other FSC Chain of Custody certificate holders.

**What is an FSC on-product label?**
An FSC on-product label is placed on FSC-certified products to allow consumers to easily identify an FSC-certified product in the marketplace. There are three main FSC labels:

FSC certified companies also have a wide variety of options when choosing the layout and color of the label. For example, there are label options for green/white and white/black, as well as landscape or portrait, and negative vs positive colors.

For information on label use requirements, the standard for using FSC trademarks and labels is available for download on the logo use for certificate holders webpage located on the FSC US Website.

**What are the differences between the three FSC on-product labels?**
FSC labels provide consumers with the assurance that their product supports responsible forest management. The FSC label applied to a product depends on the FSC claim a certified company makes and the control system they employ when producing the product. For more information on FSC claims and control systems, see (page 6). For more information on FSC labels and trademark guidelines visit the logo use webpage.

FSC 100% labels identify products which are made of 100% virgin material from FSC-certified forests.

FSC Mix labels identify products which are made with a combination of FSC virgin fiber, and/or recycled materials with Controlled virgin fiber. The mobius loop represents the total pre- and post-consumer recycled fiber.

FSC Recycled labels identify products manufactured with only recycled materials (both pre- and/or post-consumer reclaimed materials).
Material Inputs and Controlled wood

What are eligible inputs into FSC certified products?
During the production process of wood and paper products, there are a variety of different materials that may be used by a manufacturer. These materials include different types of material that at one time originated from a forest (e.g. wood, paper, pulp, chips, etc.), and also non-forest materials (e.g. glass, water, stone, etc.). The FSC certification system is focused only on those forest related materials. In order for the forest related materials to be used in the production of an FSC-certified product, they must be an eligible input. All the following are considered eligible inputs into an FSC certified product:

<table>
<thead>
<tr>
<th>Eligible Inputs</th>
<th>Contribution and Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSC 100%</td>
<td>These are all eligible inputs that contribute value to an output FSC claim, referred to claim-contributing inputs in the CoC standard. Under the percentage and credit system, post-consumer reclaimed material (both wood and paper) and pre-consumer reclaimed paper fiber (paper only) has equivalent input value to inputs of FSC Mix credit or FSC-100%. FSC Recycled XX% and FSC Mix XX% contribute only the XX% associated with the input claim. See control system examples on pages 7 and 8.</td>
</tr>
<tr>
<td>FSC Mix (Credit or XX%)</td>
<td></td>
</tr>
<tr>
<td>FSC Recycled (Credit or XX%)</td>
<td></td>
</tr>
<tr>
<td>Post-consumer reclaimed material (wood and paper)</td>
<td></td>
</tr>
<tr>
<td>Pre-consumer reclaimed paper</td>
<td></td>
</tr>
<tr>
<td>Pre-consumer reclaimed wood</td>
<td>These eligible inputs are permitted to be in an FSC-certified product, but they do not contribute value to the output FSC claim. See control system examples on pages 7 and 8.</td>
</tr>
<tr>
<td>Controlled Wood</td>
<td></td>
</tr>
</tbody>
</table>

What is Controlled Wood?
Much like renewable energy, which is mixed with non-renewable sources on the electrical grid, FSC allows certified manufacturers to mix wood and fiber from FSC certified forests with non-certified materials to produce ‘FSC Mix’ labeled products. But FSC has an additional safeguard - requiring that non-certified materials be controlled to reduce the risk of sourcing from objectionable forestry practices (such as harvesting that threatens high conservation values or the conversion of forests to non-forest uses). This control of non-certified forest materials is required whether the materials are mixed in as part of a percentage claim or over time as part of a credit system (where FSC Mix claims are equal to the amount of FSC-certified and recycled...
inputs over a given period). The material subject to this risk mitigation is referred to as Controlled Wood.

FSC-certified companies are required to mitigate the risk of sourcing materials from any of the following unacceptable sources:
- Illegally harvested wood
- Wood harvested in violation of traditional and civil rights
- Wood harvested in forests where High Conservation Values are threatened by management activities
- Wood harvested from natural forests that were converted to non-forest uses
- Wood from genetically modified trees

FSC-certified companies that source from the conterminous United States and wish to use Controlled Wood as an input in their manufacturing process, must use the FSC US National Risk Assessment (US NRA) to determine the risk of non-certified material inputs coming from any of the above unacceptable sources.

For more information on Controlled Wood and the US NRA, visit the FSC US Controlled Wood webpage. (link to: https://us.fsc.org/en-us/certification/controlled-wood)

**Chain of Custody control systems**

**What FSC control system should I use for my company?**
The three Chain of Custody control systems are summarized below, for detailed requirements of each control system visit the Chain of Custody webpage to download a copy of the standard. (link to: https://us.fsc.org/en-us/certification/chain-of-custody-certification)

**Transfer system**
Most FSC-certified companies, including printers, brokers, distributors, and merchants employ the transfer system. This is the most straightforward and simple of the three systems as most companies that use the transfer system purchase FSC-certified products with a specific FSC claim and then sell that product along with its FSC claim to their customers. For example, if a printer employing the transfer system uses a roll of FSC Mix Credit paper for a print job, they can sell this product to their customer with the same FSC claim of FSC Mix Credit and they can label the product with an FSC Mix label. Companies can also employ the transfer system to manufacture FSC-certified products, but only claim-contributing inputs may be used and the lowest claim value of the input materials is applied for the output claim.

See more examples of the transfer system on page 7.
Percentage system
Many manufacturers employ the percentage system, including mills, woodworkers, and some printers. Companies using this system will monitor inputs of eligible materials through either a rolling average or by batch method. For a product to be eligible to carry an FSC on-product label under this control system, FSC requires a minimum of 70% certified inputs into the product. The other non-certified inputs into the product MUST be from eligible inputs such as Controlled Wood or pre-consumer reclaimed wood. FSC does not allow non-eligible inputs into FSC-certified products. Products that do not meet the 70% labelling threshold can still be sold with an FSC claim on the invoice, but the products are NOT allowed to carry an FSC on-product label. Under certain conditions, FSC-certified companies may also apply the percentage system across multiple sites under one certificate by using the average percent of FSC inputs among the sites. See examples of percentage system on page 9.

Credit system
Many different types of manufacturing companies employ the credit system, including paper and solid wood mills. The credit system allows manufacturers to store “credit” into a credit account when they source claim-contributing input materials such as FSC-certified material (either FSC 100%, FSC Mix Credit, or FSC Mix XX%) or inputs of post-consumer reclaimed material, pre-consumer reclaimed paper fiber. A manufacturer can mix eligible inputs (both claim-contributing and not) together based upon product groups, and then label and/or sell products by removing credit from what’s available in their credit account. The credit system works so that the volume being sold as FSC Mix Credit is only as much as the volume of credit going into the system. If a manufacturer runs out of credit in their account they can no longer sell products as FSC-certified. They are able to sell the remainder of their stock as Controlled Wood, but only to other FSC-certified customers. Under certain conditions, FSC-certified companies may also apply the credit system across multiple sites under one certificate by maintaining a centralized credit account that each site would contribute into. See examples of credit system page 10.

Transfer system examples
Example 1 Input with one FSC claim
An FSC-certified company employing the transfer system buys FSC-certified materials with an FSC claim of FSC 100%. The company can sell this material with this same FSC claim, and may also place an FSC 100% label on their outgoing product.
Example 2 Inputs with different FSC claims
An FSC-certified manufacturer employing the transfer system makes tables out of input products with different FSC claims. The table top has an input claim of FSC 100% while the table legs have an input claim of FSC Mix Credit. The manufacturer can make the tables using these different FSC-certified inputs, but the output claim must reflect the lowest FSC input claim, in this case FSC Mix Credit. The FSC Mix label may be placed on the product.

Example 3 Inputs with different FSC claims including FSC Controlled Wood
An FSC-certified panel manufacturer employing the transfer system can make a panel out of two input products including Controlled Wood. One component of the panel has an input claim of FSC Mix Credit, and a second component has an input claim of Controlled Wood. The panel manufacturer can make a panel using these eligible inputs, but the output claim must reflect the lowest FSC input claim, and in this case the output claim would be Controlled Wood. Therefore, the panel can be sold with an FSC claim on the invoice to another FSC-certified company for further manufacturing, but the product cannot carry an FSC label on the product.
**Percentage system examples**

**Example 1** Inputs with different FSC claims
An FSC-certified manufacturer employing the percentage system makes products out of inputs with different FSC claims. There are 4 input units with a claim of FSC Mix 70%, and another 4 units with a claim of FSC Mix Credit. The manufacturer can mix these inputs together and produce a product with a percentage claim of FSC Mix 85%. FSC Mix Credit contributes 100% of the value while FSC Mix XX% contributes only the XX% associated with the input claim. Therefore, FSC Mix 70% will only contribute 70% to the overall value. See calculation below. The FSC Mix label may be placed on the products because the output FSC claim is above the 70% threshold for labeling.

![Percentage system example 1 diagram](image)

**Example 2** Inputs with different FSC claims including FSC Controlled Wood
An FSC-certified manufacturer employing the percentage system makes products with different inputs including Controlled Wood. The inputs are 8 units with a claim of FSC 100%, and another 4 units with an input claim of Controlled Wood. The manufacturer can mix these inputs together and produce a product with an FSC percentage claim of FSC Mix 67%. Controlled Wood is an eligible input into an FSC-certified product, but it is not a claim-contributing input. See calculation below. The manufacturer can make an FSC claim of FSC Mix 67% on their invoice to their customer; however, the FSC label may NOT be used because the output FSC claim must be above the 70% threshold for labeling.

![Percentage system example 2 diagram](image)
**Credit system examples**

**Example 1** Inputs with different FSC claims
An FSC-certified manufacturer employing the credit system makes products out of inputs with different FSC claims. There are 4 input units with a claim of FSC Mix 70%, and another 4 input units with a claim of FSC Mix Credit. FSC Mix xx% contributes only the xx% associated with the input claim, so FSC Mix 70% will only contribute 2.8 out of the 4 units to the credit account. Therefore, with these inputs the manufacturer can add 6.8 units to the company’s FSC credit account. See calculation below. The manufacturer can mix all these inputs together and produce products with an FSC Mix Credit claim on what is available in the credit account, a total of 6.8 units. The remainder can be sold as Controlled Wood. The FSC Mix label may be placed on the 6.8 units sold with the FSC Mix Credit claim; however, the FSC label may NOT be used on the products sold as Controlled Wood.

**Example 2** Inputs with different FSC claims including FSC Controlled Wood
An FSC-certified manufacturer employing the credit system makes products out of inputs with different FSC claims including Controlled Wood. There are 8 units with a claim of FSC Mix 70%, 4 units with an input claim of Controlled Wood, and another 4 units with a claim of FSC 100%. FSC Mix XX% contributes only the XX% associated with the input claim, so FSC Mix 70% will only contribute 5.6 out of the 8 input units to the credit account. With these inputs the manufacturer can put 9.6 units out of the total 16 units into the credit account. The manufacturer can mix these inputs together and produce output with an FSC Mix Credit claim on what is available in the credit account, a total of 9.6 credits. The FSC Mix label may be placed on the 9.6 units sold with the FSC Mix Credit claim, and the remainder can be sold as Controlled Wood.