



Forest Stewardship Council®



FSC® INTERNATIONAL STANDARD

Chain of Custody Certification of Multiple Sites

FSC-STD-40-003 V2-1 EN



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CHAIN OF CUSTODY CERTIFICATION OF MULTIPLE SITES

FSC-STD-40-003 V2-1 EN

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

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

Foreword

The FSC Normative Framework provides different options for the Chain of Custody (COC) certification of Organizations of all sizes and organizational structures. There are three types of FSC COC certification available for companies that trade and/or process forest products:

- 1) Single COC certification;
- 2) Multi-site COC certification;
- 3) Group COC certification.

Single COC certification generally applies to Organizations with a single site. However, under specific circumstances, additional sites can be included in the scope of the certificate, as long as all sites are part of the same COC operation. The eligibility criteria for this certification model are described in Clause 1 of this standard.

Multi-site certification is designed for the certification of large enterprises that are linked by common ownership or legal/contractual agreements. This model makes certification easier and cheaper for large enterprises that can benefit from a centralized administration and internal control function for the purpose of FSC certification. The eligibility criteria for this certification model are described in Clause 2 of this standard.

Group certification is specifically designed for the certification of independent small enterprises that, by forming a group, can have easier access to FSC certification by sharing the costs of certification and benefiting from technical support and control provided by a Central Office function. The eligibility criteria for this certification model are described in Clause 3 of this standard.

This standard applies to all Organizations that want to include multiple sites (two or more sites) into the scope of a Chain of Custody certificate. It is divided into two parts:

Part I provides eligibility criteria for the inclusion of multiple sites in the scope of each of the three certificate types.

Part II provides specific certification requirements for Multi-site and Group COC certificates.

This standard results from a revision process of the Multi-site and Group COC requirements, where the FSC Standard for Multi-site certification and the FSC Policy for Group certification were merged into a single document, contributing to the simplification and improvement of the overall consistency of the FSC Normative Framework.

This document is a complementary standard to the main FSC Standard for Chain of Custody certification (FSC-STD-40-004): The main COC Standard includes the requirements to be implemented by an Organization at the site level in order to qualify for Chain of Custody Certification. This standard includes the requirements on how several sites have to be organized and managed to be included in the scope of a COC certificate.

Figure 1: Sitting of this standard (highlighted green) in the Chain of Custody Normative Framework

FSC Chain of Custody Normative Framework		
Main Chain of Custody Standard	Complementary Standards	Other Normative Documents
FSC-STD-40-004 Chain of Custody Certification	FSC-STD-40-003 Certification of multiple sites FSC-STD-40-004a Product Classification FSC-STD-40-005 Sourcing Controlled Wood FSC-STD-40-007 Sourcing Reclaimed Material	FSC-PRO-40-003 National Group COC criteria Directives FSC-DIR-40-004 FSC-DIR-40-005

Version History

V1-0: Initial version, approved by the FSC Board of Directors at their 45th Meeting, June 2007.

V2-0: *FSC-POL-40-002 (2004) Group Chain of Custody (COC) Certification: FSC Guidelines for Certification Bodies, FSC-STD-40-003 V1-0 Standard for Multi-site certification of Chain of Custody operations and FSC-ADV-40-018 V1-0 EN Scope and applicability of FSC-STD-40-003* were simultaneously revised and merged into a single document. This version of the standard was approved by the FSC Board of Directors at their 66th Meeting in Vancouver (Canada) on 03 July 2014.

V2-1: Revised Clause 6.2, approved by the FSC Managing Director on 18 November 2014.

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A Objective

The objective of this document is to provide the conditions and requirements for the establishment and management of Chain of Custody certificate with multiple sites.

B Scope

The requirements in this document shall be implemented by FSC Chain of Custody operations that want to include multiple sites under the scope of one certificate. All aspects of this document are considered to be normative, including the scope, standard effective date, references, terms and definitions, tables and annexes, unless otherwise stated.

C Effective and validity dates

Approval date	03 July 2014, amended on 18 November 2014
Publication date	18 November 2014
Effective date	01 January 2015
Period of validity	until 31 December 2019 (or until replaced or withdrawn)

D References

The following documents, in whole or in part, are normatively referenced in this document and are relevant for its application. For undated references, the latest edition of the referenced document (including any amendments) applies.

FSC-STD-40-004 FSC Standard for Chain of Custody Certification

IAF MD 1:2007 IAF Mandatory Document for the Certification of Multiple Sites Based on Sampling

FSC-PRO-40-003 Development of National Group Chain of Custody Eligibility Criteria

FSC normative documents superseded and replaced by this standard:

FSC-POL-40-002 (2004) Group Chain of Custody (COC) Certification: FSC Guidelines for Certification Bodies

FSC-STD-40-003 V1-0 Standard for Multi-site certification of Chain of Custody operations

FSC-ADV-40-018 V1-0 EN Scope and applicability of FSC-STD-40-003

E Terms and definitions

For the purposes of this international standard, the terms and definitions given in *FSC-STD-01-002 FSC Glossary of Terms*, *FSC-STD-40-004 FSC Standard for Chain of Custody Certification* and the following apply:

ASI: Acronym of Accreditation Services International (ASI), the organization responsible for FSC accreditation.

Central Office: The identified central function (e.g. office, department, person) of a Multi-site or Group COC, that holds ultimate management responsibility for maintaining the certification contract with the certification body, for being responsible for upholding the Chain of Custody system and for ensuring that the requirements of relevant Chain of Custody certification standard(s) are met at the Participating Sites.

Central Office Audit Program: Monitoring of the Participating Sites by the Central Office to verify that all the requirements of certification (including the relevant certification standards and any other requirements of the certification body and Central Office) are fully implemented at the Participating Sites.

Certificate Manager: The main party responsible for the management of a Multi-site or Group COC certificate with legal or management authority, knowledge and technical support necessary to implement the responsibilities specified in this standard, and to manage the number of Participating Sites under the scope of the certificate.

Common Ownership: Ownership structure where all sites under the scope of the Chain of Custody certificate are owned by the same Organization. Ownership means at least 51% of ownership interest over the sites.

FSC Trademark License Code: Identification code issued to Organizations that have signed the FSC Trademark License Agreement. It is used to identify The Organization in the FSC license holder database and must accompany any use of the FSC trademarks.

Participating Site: Site included in the scope of a Multi-site or Group COC certificate. Subcontractors that are used within the terms of outsourcing agreements are not considered Participating Sites.

Site: A single functional unit of an Organization situated at one physical location, which is geographically distinct from other units of the same Organization. An Organization's units with distinct physical locations may, however, be regarded as parts of a site if they are an extension of it with no purchasing, processing, or sales functions of their own (e.g. a remote stockholding). A site can never include more than one legal entity. Subcontractors that are used within the terms of outsourcing agreements (e.g. outsourced warehouse) are not considered sites.

NOTE: Typical examples for sites are processing or trading facilities such as manufacturing sites, sales offices, or company-owned warehouses.

Surveillance: Systematic iteration of conformity assessment activities carried out by FSC-accredited certification bodies as a basis for maintaining FSC certification.

Suspension: Temporary invalidation of FSC certification for all or part of the specified scope of attestation.

The Organization: The person or entity holding or applying for certification and therefore responsible for demonstrating conformance to the applicable requirements upon which FSC certification is based.

Total Annual Turnover: Total revenue of an Organization derived from the provision of goods and services, less trade discounts, VAT, and any other taxes based on this revenue. In the context of Group COC certification, turnover refers to the total annual revenue (gross annual sales) from all goods and services of an Organization, not just certified forest-based products (wood and non-timber forest products). The annual turnover refers to the most recently completed fiscal year.

Withdrawal: Revocation or cancellation of FSC certification.

Verbal forms for the expression of provisions

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

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

“should”: indicates that among several possibilities one is recommended as particularly suitable, without mentioning or excluding others, or that a certain course of action is preferred but not necessarily required.

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

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

PART I ELIGIBILITY

1 Eligibility for Single COC certification with multiple sites

1.1 Multiple sites may be included in the scope of a Single COC certificate if they conform to all of the following eligibility criteria:

- a) One site under the scope of the Single COC certificate is:
 - i. Acting as the certificate holder;
 - ii. Responsible for invoicing of certified and non-certified materials or products covered by the scope of the certificate to external clients;
 - iii. Controlling the use of the FSC Trademarks.
- b) All sites under the scope of the Single COC certificate are:
 - iv. Operating under a common ownership structure;
 - v. Managed under direct control of the certificate holder;
 - vi. In an exclusive business relationship with each other for the output materials or products covered by the scope of the certificate;
 - vii. Located in the same country.

NOTE: In this scenario, all applicable certification requirements as defined in FSC-STD-40-004 shall be evaluated by the certification body at all sites included in the scope of the certificate within each audit (no sampling applies). The requirements specified in Part II of FSC-STD-40-003 are not applicable to Single COC certificates with multiple sites.

2 Eligibility for Multi-site COC certification

2.1 Multiple sites or legal entities may be included in the scope of a Multi-site COC certificate if:

- a) All Participating Sites and The Organization that holds the certificate are linked through common ownership, or
- b) All Participating Sites:
 - i. Have a legal and/or contractual relationship with The Organization; and
 - ii. Are subject to a centrally administered and controlled management system established by The Organization that has authority and responsibilities beyond those related solely to certification, including at least one of the following elements:
 - Centralized purchase or sales function;
 - Common operational procedures (e.g. same production methods, same product specifications, integrated management software);
 - Operating under the same brand name (e.g. franchise, retailer).

2.2 The following Organizations are not eligible for Multi-site COC certification:

- a) Organizations that don't have authority over the creation of companies (i.e. establishing new legal entities within The Organization that may join the certificate as Participating Sites);
- b) Organizations that don't have authority over the admission or removal of Participating Sites from the certificate scope;
- c) Associations or Organizations established to promote the goods or services of their members;

- d) Non-profit Organizations that have for-profit members.

NOTE: Multi-site COC certificates are evaluated by the certification body based on a defined sampling methodology as specified in FSC-STD-20-011.

3 Eligibility for Group COC certification

- 3.1 Groups of independent “small” enterprises (Participating Sites) are eligible to be included in the scope of a Group COC certificate if they conform to the following eligibility criteria:

- a) Each Participating Site shall qualify as “small” as defined by:

 - i) No more than 15 employees (full time equivalent); or
 - ii) No more than 25 employees (full time equivalent) and a maximum total annual turnover of US\$ 1,000,000.

b) All Participating Sites shall be located in the same country as The Organization that holds the certificate.

NOTE: FSC-PRO-40-003 authorizes FSC National Offices to define nationally specific eligibility criteria for COC Group certification. National eligibility criteria approved by FSC supersede the ones in Clause 3.1 a) above and are published on the FSC website (in FSC-PRO-40-003a).

NOTE: Group COC certificates are evaluated by the certification body based on a defined sampling methodology as specified in FSC-STD-20-011.

PART II Specific requirements for Multi-site and Group COC certification

4 Administrative requirements

- 4.1 The Multi-site or Group COC certificate shall be administered by a Central Office, which shall be, or act on behalf of, The Organization holding the certificate.
- 4.2 The Central Office shall be responsible for ensuring that all applicable certification requirements are met by all Participating Sites under the scope of the certificate. The Central Office shall demonstrate its management system's capacity, as well as technical and human resources, to manage continuously and effectively the number of Participating Sites under the scope of the certificate.
- 4.3 Where the Participating Sites are not linked through common ownership, a 'consent form' or a contract shall be signed by each Participating Site. This document shall include the following:
- a) Acknowledgement and agreement to the general obligations and responsibilities for participation in the Multi-site or Group COC certificate, as stipulated in this standard, the certification contract, and the documented procedures of the Central Office;
 - b) Agreement to conform to all applicable FSC certification requirements and the documented contractual obligations, corrective action requests, and procedures of the Central Office;
 - c) Authorization of the Central Office to apply for and administer the FSC Chain of Custody certification on behalf of the Participating Site;
 - d) Acknowledgement of mutual responsibility for the maintenance of the certificate, where nonconformities identified at the level of the Participating Sites or the Central Office may result in corrective action requests, certificate suspension, and/or certificate withdrawal.

NOTE: Five (5) or more Major Corrective Action Requests (CARs) issued to the Central Office by the certification body will result in suspension of the entire certificate. Five or more Major CARs issued to a Participating Site by the certification body will result in suspension of that particular Participating Site, but it will not necessarily result in the suspension of the entire certificate. Nonconformities identified at the level of a Participating Site level may result in nonconformities at the Central Office when the nonconformities are determined to be the result of the Central Office's performance (e.g. where identical CARs are issued to several Participating Sites, the CAR may be a result of ineffective training or support by the Central Office).

- 4.4 An Organization may hold a certificate for less than 100% of their associated sites. It is also acceptable that a Central Office holds more than one certificate. In both cases, clear procedures shall exist for ensuring that only the Participating Sites (sites included in the respective FSC certificate) claim their products as FSC certified and use the FSC trademarks.
- 4.5 All Participating Sites shall be subject to the Central Office Audit Program, unless the certification body is auditing all Participating Sites (100% audit sampling) during each evaluation (main evaluation, surveillance evaluation, re-evaluation).

NOTE: The certification body conducts an initial assessment and annual surveillance audits of the Central Office as well as of a sample of the Participating Sites. The Central Office is exempt from implementing an annual Audit Program if the certification body conducts annual audits of all Participating Sites (100% audit

sampling). However, an annual surveillance audit of the Central Office by the certification body will always be conducted.

- 4.6 A Participating Site can also act as the Central Office. In this case, this Participating Site is not required to be included in the Central Office Audit Program, but it shall be annually audited by the certification body for verification of conformance to all applicable certification requirements.

5 Requirements for the Central Office

5.1 Quality management

Responsibilities

- 5.1.1 The Central Office shall assign a Certificate Manager with legal or management authority and technical support necessary to implement the responsibilities specified in this standard and manage the number of Participating Sites.

Documented Procedures

- 5.1.2 The Central Office shall develop, implement, and maintain documented procedures covering the applicable requirements of this standard, including procedures for inclusion and removal of Participating Sites, and procedures describing the measures against leakage of products from non-certified associated sites into certified product lines of Participating Sites.

Training

- 5.1.3 The Central Office shall ensure that a training program for Participating Sites is established, implemented, and maintained that enables them to meet the requirements of the relevant Chain of Custody certification standards.

Records

- 5.1.4 The Central Office shall keep and maintain up-to-date records of all Participating Sites under the scope of the certificate, including:
- a) A list of all Participating Sites, including:
 - i. Contact information (name, phone number, email address, physical address);
 - ii. Appointed Participating Site's COC representative;
 - iii. Date of entry into the Multi-site or Group COC certificate;
 - iv. Date of withdrawal from the scope of the certificate;
 - v. The certificate sub-code assigned;
 - vi. The site activity (e.g. primary processor, secondary processor, trader, printer, retailer);
 - vii. Indication if the Participating Site implements Controlled Wood verification program, Supplier verification program for reclaimed materials and/or high risk outsourcing (according to criteria specified in FSC-STD-20-011);
 - viii. Indication if the Participating Site has signed a declaration stating that no material has been FSC labeled, sourced as controlled material, or sold as FSC certified or FSC Controlled Wood since the last Central Office's audit (according to clause 5.3.2 b).
 - b) Where applicable (as required in Clause 4.3), the signed 'consent form' or contract of each Participating Site;
 - c) Records demonstrating the scope of COC certification for each Participating Site;

- d) Records of all Central Office's audits, nonconformities identified in such audits, actions taken to correct them, and the Central Office's annual review of its audit program and procedures (according to Clause 5.3.8);
- e) Training provided by, or on behalf of, the Central Office, and of participation therein;
- f) A list of the Central Office's auditors and their qualifications.

5.1.5 The records shall be archived for at least five (5) years and shall be made available to the certification body on request.

5.2 Qualification of Certificate Manager and Central Office's auditors

5.2.1 The Central Office shall assign a Certificate Manager with professional experience, knowledge and competence to manage the certificate and implement the requirements of the applicable FSC standards.

5.2.2 The selection of Central Office's auditors shall include the following:

- a) The auditor shall have the professional experience and demonstrated ability to evaluate all aspects of the applicable FSC Chain of Custody standards according to the scale and complexity of the Participating Site being assessed;
- b) The auditor shall be fluent in the language used at the Participating Site or be accompanied by a translator;
- c) The auditor shall be objective and impartial. Auditors shall not audit activities for which they are responsible to oversee or participate in or for which they have any other conflict of interest.

NOTE: Training activities provided by the Central Office do not constitute conflict of interest.

5.2.3 The Central Office shall ensure that the Central Office's auditors are trained to audit Participating Sites against the latest version of all FSC Policies and Standards applicable to the scope of the certificate and any applicable Central Office procedures.

5.2.4 For certificates with more than 20 Participating Sites and where the Participating Sites are not linked through common ownership, the Central Office's auditors shall be in possession of a formal ISO 9001, ISO 14001 or OHSAS 18001 lead auditor certificate achieved through a recognized¹ accredited training course.

5.3 The Central Office Audit Program

5.3.1 The Central Office shall carry out an initial audit of each applicant to ensure that they conform to all applicable requirements of the Chain of Custody certification standard(s) and any additional requirements established by the Central Office prior to their inclusion as a Participating Site in the scope of the certificate.

5.3.2 The Central Office shall conduct at least one audit annually of each Participating Site to evaluate the continued conformity to all applicable requirements of the Chain of Custody certification standard(s) and any additional requirements established by the Central Office. The Central Office may opt to waive its annual audit for Participating Sites that:

- a) Have already been audited by the certification body in the same calendar year, and/or

¹ Refers to course certificates accepted by auditor registration schemes such as IRCA and RABQSA.

- b) Sign a declaration stating that no material has been FSC labeled, sourced as controlled material, or sold as FSC certified or FSC Controlled Wood since the last Central Office's audit. In that case, at the next audit the Central Office shall review the records back to the previous Central Office's audit to confirm the certification inactivity during the period.
- 5.3.3 The Central Office shall not waive more than two consecutive annual audits for each Participating Site.
- 5.3.4 For certificates where all Participating Sites are linked through common ownership, the Central Office's annual audits may be performed by internal auditors from Participating Sites meeting the requirements specified for Central Office's auditors.
- 5.3.5 The Central Office may perform desk audits (remote audits) for Participating Sites that are:
 - a) Trading in finished and labelled products (e.g. retailers);
 - b) Trading products without taking physical possession of products (e.g. traders);
 - c) Exclusively handling certified products made of a single input material (e.g. the whole site production is FSC 100%).
- 5.3.6 The Central Office shall have the formal authority to issue Corrective Action Requests (CARs) to the Participating Sites and to enforce implementation, according to the requirements specified in Annex B.
- 5.3.7 The Central Office shall document each Participating Site's audit in a report covering at minimum the following information:
 - d) Participating Site details (sufficient to identify the site);
 - e) Checklist covering the certification requirements applicable to the Participating Site, providing a systematic presentation of findings and demonstrating conformity or nonconformity to each requirement;
 - f) Status of CARs issued by the certification body and/or by the Central Office, including CARs issued during the previous audit and current audit;
 - g) Verification of FSC material balance for each Participating Site in accordance with the requirements of FSC-STD-40-004;
 - h) Summary of audit conclusions, including the decision on whether or not the site is eligible to be included or remain in the scope of the certificate.
- 5.3.8 The Central Office shall conduct an annual review of its audit program and procedures. The results of all audits shall be included in the review in order to address any necessary changes or identified issues.

5.4 Provision of information and documents to Participating Sites

- 5.4.1 The Central Office shall provide each Participating Site with documentation, specifying the relevant terms and conditions of participation and certification. The documentation shall include:
 - a) Copies of the applicable Chain of Custody standard(s);
 - b) Copies of the documented procedure(s) of the Central Office;
 - c) Explanation of the certification body's and ASI's rights to access the Participating Site for the purposes of external evaluation and control (including unannounced audits);

- d) Explanation of the certification body's, ASI's, and FSC's requirements with respect to collecting and publishing information;
- e) Explanation of any obligations with respect to participation in the certificate, such as:
 - i. Use of controls for tracking FSC-certified materials or products;
 - ii. Requirement to correct nonconformities issued by the certification body or the Central Office within their established timelines;
 - iii. Requirements related to marketing or sales of products covered by the scope of the certificate;
 - iv. Proper use of the assigned certificate sub-code and FSC trademark license code.

5.5 Number and increase of Participating Sites in the certificate scope

5.5.1 Group COC certificates are limited to a maximum number of 500 Participating Sites.

5.5.2 The Central Office may add new Participating Sites to the certificate scope at any time within the annual growth limit approved by its certification body.

NOTE: At each evaluation, the certification body will evaluate the ability of the Central Office to manage the number of Participating Sites in the certificate and approve an annual growth rate up to a limit of 100% based on the number of Participating Sites at the time of the evaluation. Where a certificate has 20 (twenty) or fewer Participating Sites at the time of the main evaluation, the certification body may approve a growth rate higher than 100%, based on the demonstrated capacity of the Central Office to manage a higher number of Participating Sites.

5.5.3 If the number of Participating Sites is going to exceed the approved growth limit, new sites can only be added to the certificate after the certification body has done an audit of the Central Office and a sample of the new sites.

NOTE: In the audit for inclusion of new Participating Sites, the certification body will establish a new growth limit for the period between the date of the expansion of scope audit and the next certification body's surveillance audit.

5.5.4 New Participating Sites added within the growth limit shall be considered certified after its publication in the FSC database of registered certificates. The Central Office shall submit the audit report for each applicant site to the certification body together with the request to include the new Participating Site(s) to the FSC database.

NOTE: Certification bodies are not required to revise and approve the Central Office's audit reports.

5.5.5 Multi-site and Group COC certificates without a Central Office Audit Program (see Clause 4.5 above) can only add new Participating Sites to the scope of the certificate after they have been audited and approved by the certification body.

5.5.6 If a Participating Site in a "Group COC certificate" ceases to conform to the eligibility criteria due to an increase in employees or turnover (see Clause 3.1), its participation in the Group shall become 'transitional'. Participating Sites shall re-consider their eligibility for Group certification twelve (12) months after the beginning of the transitional status. If they still do not conform to the eligibility criteria at that time, they shall be removed from the Group within a period of three (3) months.

5.5.7 When a Participating Site leaves the certificate, the Central Office shall inform the certification body in writing within three (3) working days.

6 Requirements for the Participating Sites

6.1 Each Participating Site shall be responsible for:

- a) Assigning a representative who has legal or managerial authority to be responsible for ensuring the implementation of and adherence to all applicable procedures necessary for conformance to the relevant FSC certification requirements and Central Office procedures, including any outsourced activities; this representative shall be the contact for the Central Office;
- b) Conforming to all applicable FSC Chain of Custody certification requirements;
- c) Conforming to all applicable participation requirements as specified by the Central Office;
- d) Responding effectively to all requests from the Central Office and/or the certification body;
- e) Informing the Central Office of all changes in ownership, staff, procedures, or processes that may affect conformance to certification or participation requirements;
- f) Providing full cooperation and assistance with respect to the satisfactory completion of audits performed by the Central Office, the certification body, or ASI;
- g) Ensuring that all CARs issued by the Central Office or the certification body are addressed within their established timelines.

6.2 For sale of FSC-certified products, Participating Sites may use their assigned sub-code on sales documentation.

ANNEX A. Comparison of Single, Multi-site and Group COC requirements.

Item	Single	Multi-site	Group
All sites shall operate under a common ownership structure	Yes	Not necessarily. Common ownership is applicable under the scenario as specified in Clause 2.1. a)	No
Sites can invoice FSC products independently	No. Only one site under the scope of the certificate is allowed to invoice FSC products to customers	Yes	Yes
All sites shall be located in the same country	Yes	No	Yes
The Organization shall establish a Central Office for the certificate administration and internal monitoring	No	Yes	Yes
The certification body can apply a defined sampling method in the evaluation	No. All sites under the scope of the certificate shall be annually audited by the certification body	Yes	Yes
Certificate growth	The inclusion of new sites under the scope of the certificate is subject to approval by the certification body	In the period between audits by the certification body, The Organization may add new sites to the certificate scope. The growth limits established by the certification body shall be applied	In the period between audits by the certification body, The Organization may add new sites to the certificate scope. The growth limits established by the certification body shall be applied

ANNEX B: Requirements for the issuance of CARs by the Central Office

- 1 The Central Office's auditor shall evaluate each identified nonconformity to determine whether it constitutes a minor or major nonconformity. Nonconformities shall lead to Corrective Action Requests (CARs) or removal of the Participating Site from the certificate.

NOTE: The Central Office's auditor may also identify the early stages of a problem which does not of itself constitute nonconformity, but which the auditor considers may lead to a future nonconformity if not addressed by the Participating Site. Such observations should be recorded in the audit report as 'observations'.
- 1.1 A nonconformity shall be considered minor if:
 - a) It is a temporary lapse; or
 - b) It is unusual/non-systematic; or
 - c) The impacts of the nonconformity are limited in their temporal and organisational scale; and
 - d) It does not result in a fundamental failure to achieve the objective of the relevant requirement.
- 1.2 A nonconformity shall be considered major if, either alone or in combination with further nonconformities, it results in, or is likely to result in a fundamental failure to achieve the objective of the relevant requirement in the Participating Site under the scope of the evaluation. Such fundamental failure shall be indicated by nonconformity(ies) which:
 - a) Continue over a long period of time; or
 - b) Are repeated or systematic²; or
 - c) Affect a wide range of the production or a large proportion of workers; or
 - d) Are not corrected or adequately addressed by the Participating Sites once it has been identified.
- 2 The Central Office's auditor shall consider the impact of a nonconformity, taking account of how it affects the integrity of the relevant supply chains for FSC-certified products and the credibility of the FSC system, when evaluating whether a nonconformity results in or is likely to result in fundamental failure to achieve the objective of the relevant requirement.
- 3 CARs shall have the following maximum timelines:
 - a) Minor nonconformities shall be corrected within the maximum period of one (1) year or by the next annual Central Office's audit (whatever happens first);
 - b) Major nonconformities shall be corrected within three (3) months.
- 4 The Central Office's auditor shall determine whether Corrective Action Requests have been appropriately implemented within their timelines. Minor CARs that are not closed within the established timelines shall be upgraded to Major CARs. Participating Sites that do not conform to Major CARs within established timelines shall be immediately removed from the certificate scope until they are able to close the CAR.

² The Central Office's auditor shall determine whether the number and impact of a series of minor nonconformities identified during evaluation is sufficient to demonstrate 'systematic' failure (i.e. failure of management systems). If this is the case, then the repeated instances of minor nonconformities shall constitute a major nonconformity.

- 5 The occurrence of five (5) or more major nonconformities in a Central Office's audit shall be considered as a breakdown of the Chain of Custody system and the Participating Site shall immediately be removed from the Multi-site or Group COC certificate.
- 6 Participating Sites that have received Major CARs during the initial audit by the Central Office shall not be included in the scope of the Multi-site or Group COC Certificate until the Major CARs are closed.