



FSC Advice Note

Title:	FSC certified CoC Contractors
Document Code :	FSC-ADV-40-017 V1-1 EN
Approval Date:	9 February 2010
Effective Date:	<i>FSC certified CoC organizations</i> may apply this Advice Note from 9 th February 2010 and, if applicable, shall be assessed for compliance from 1 st January 2011 onwards.
Status:	Approved by the Head of the FSC Policy and Standards Unit
Normative reference:	cf. Part A
Amendments to previous version:	<ul style="list-style-type: none">• Replacement of 'FSC certified' [organization] by 'FSC certified CoC' [organization]

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Advice sought on

This Advice Note deals with the implications for *FSC certified CoC organizations*, either functioning as or making use of FSC certified CoC *contractors*. In particular, clarification is provided on the following issues:

- under which conditions contract work for an FSC certified product can be provided for non-FSC certified CoC *contracting organizations*;
- what the benefits and implications are for FSC certified CoC *contracting organizations* that use FSC certified CoC *contractors*.

Considerations

The FSC Standard for Chain of Custody Certification (FSC-STD-40-004) requires organizations that take legal ownership of materials and want to maintain or change the FSC claim associated with the output product to have FSC Chain of Custody certification.¹ The standard further specifies the requirements to follow for FSC certified CoC *contracting organizations* in order to use non-FSC certified CoC *contractors* for this purpose.

The questions, however, what the implications are for an FSC certified CoC *contracting organization* to use FSC certified CoC *contractors*, and whether contract work for an FSC certified product could be provided also for non-FSC certified CoC *contracting organizations* were not consistently dealt with in practice. In particular the latter question required some fundamental judgement, as some certification bodies considered contract work for non-FSC certified CoC *contracting organizations* to be generally not in line with standard requirements, while others found outsourcing arrangements where the non-FSC certified CoC *contracting organization* would not obtain physical possession of the input material to be acceptable under certain additional stipulations.

This Advice Note follows the latter approach based on the judgement that there would not be an increased risk associated with such outsourcing arrangements for non-FSC certified products to be labelled and sold as FSC certified, provided that additional safeguards were in place. The Advice Note stipulates these safeguards and aims at providing the relevant answers to the questions raised above.

¹ FSC-STD-40-004 V2-0, Section A

A References

Code	Version*	Title
FSC-STD-20-011	1-1	FSC Accreditation standard for Chain of Custody evaluations
FSC-STD-40-004	2-0	FSC Standard for Chain of Custody Certification
FSC-STD-50-001	1-0	Use of the FSC Trademarks
FSC-TMK-50-201	1-0	FSC Requirements for the Promotional Use of the FSC Trademarks by FSC Certificate Holders and Non-FSC certified Commercial Organizations

*) This table lists the latest versions at the time of this document's publication date. Please check <http://www.fsc.org> for any newer versions that might have become effective in the meantime.

B Terms and definitions in the context of this Advice Note

The terms defined in FSC-STD-20-011 and FSC-STD-40-004 apply. The following terms are introduced by this Advice Note and are put in *italics* throughout the document:

Contracting organization:

Individual, company or other legal entity contracting a *contractor* for the production or processing of an FSC certified product under an *outsourcing agreement*.

NOTE: The *contracting organization* may or may not be an *FSC certified CoC organization*. Part C of this Advice Note is structured according to the FSC certified status of the *contracting organization* (see Part C, Table 1).

Contractor: Individual, company or other legal entity contracted by a *contracting organization* for the production or processing of an FSC certified product under an *outsourcing agreement*.

NOTE: In the context of this Advice Note, the *contractor* is an *FSC certified organization* (see Part C, Table 1).

FSC certified CoC organization:

Individual, company or other legal entity holding a valid FSC Chain of Custody certificate which confirms that appropriate procedures are in place for the production, processing or trade of a specific product – or that *FSC certified CoC contractors* are used for this purpose – that allow the organization to sell, provide or promote the product with FSC claims.

Outsourcing agreement:

A written agreement between a *contracting organization* and a *contractor* about the service of producing or processing an FSC certified product or material, where the *contracting organization* retains control of and responsibility for the purchasing of input material from the (*billing*) *supplier* and for the sale of the output product to the customer. Input material may be shipped from the *contracting organization* or from the (*delivering*) *supplier* to the *contractor* and the output product may be returned or shipped from the *contractor* to the *contracting organization* or to the *contracting organization's* customer.

Supplier (billing):

FSC certified CoC organization selling material with FSC claims to the *contracting organization*.

Supplier (delivering):

FSC certified CoC organization delivering the material to the *contractor* and selling the material with FSC claims to the *billing supplier* or to the *contracting organization*.

C ADVICE

NOTE: Part C is subdivided into two sections, reflecting two different outsourcing scenarios depending on the FSC certified status of the *contracting organization*. Both scenarios imply that the *contractor*, as well as the supplier(s), is an *FSC certified CoC organization*.²

Table 1: Outsourcing scenarios dealt with by this Advice Note

Section	Requirements for	Details	FSC certified status	
			Contractor	Contracting organization
1	<i>Contractor</i>	Providing contract work for non-FSC certified CoC organizations	FSC	non-FSC
2	<i>Contracting organization</i>	Using FSC certified CoC contractors	FSC	FSC

1 Providing contract work for non-FSC certified CoC organizations – conditions for FSC certified CoC contractors

NOTE: This section applies for outsourcing arrangements where the *contractor* is an *FSC certified CoC organization* and the *contracting organization* is a non-FSC certified CoC organization. Under this scenario, the *contracting organization* cannot sell the product with an FSC claim to commercial customers. The *contracting organization* may, however, use the FSC trademarks to promote the product towards final consumers as specified by FSC-TMK-50-201.

Eligibility

- 1.1 FSC certified CoC *contractors* are only eligible to provide FSC certified products for non-FSC certified CoC *contracting organizations*, if:
- 1.1.1 The input material for the contract work is shipped directly from the *delivering supplier(s)* to the *contractor*, i.e. the *contracting organization* does not obtain physical possession of the input material.
 - 1.1.2 The *contractor* is provided with a copy of the invoice(s) from the *delivering supplier(s)* and, if not identical, from the *billing supplier(s)* that include(s) information sufficient to link the invoice(s) and related transport documentation to each other.
NOTE: Information on prices can be blacked out.
 - 1.1.3 The output product provided by the *contractor* is:
 - a) a finished product;
 - b) FSC labelled; and
 - c) branded with the name, label or other identifying information of the *contracting organization*.

Labelling

- 1.2 For each contract work, the *contractor* shall maintain control of applying the correct FSC label.
- 1.3 The *contractor* shall ensure that its license code is used in the FSC label and submits the proof to its certification body for approval.

² The scenario of an outsourcing agreement between an FSC certified CoC contracting organization and a non-FSC certified CoC contractor is dealt with by FSC-STD-40-004, section 12.

2 Using FSC certified CoC *contractors* – conditions for FSC certified CoC *contracting organizations*

NOTE: This section applies for outsourcing scenarios where the both the *contractor* and the *contracting organization* are *FSC certified CoC organizations*. Under this scenario, the product does not have to be FSC labelled or a finished product.

Outsourcing agreement

- 2.1 The *outsourcing agreement* shall specify the following:
- 2.1.1 that the *contractor* provides the service under his FSC Chain of Custody system,
 - 2.1.2 that the *contractor* makes available relevant records and documentation to the *contracting organization's* certification body upon request, and
 - 2.1.3 that the *contracting organization's* license code shall be used, if the product shall be FSC labelled.
- 2.2 The *outsourcing agreement* and, if FSC certified CoC *contractors* are used for specific processes exclusively, the *contracting organization's* control system for the outsourced process do not need to cover the following requirements stipulated by FSC-STD-40-004:
- clauses 12.1.1 c), second sentence, and 12.1.1 d);
 - clause 12.2.1;
 - clauses 12.5.1, 12.6.1, and 12.7.1
- NOTE: FSC certified CoC *contractors* may use their own subcontractors in accordance with FSC-STD-40-004, section 12.

Supplier validation

- 2.3 The *contracting organization* shall apply the provisions for 'supplier validation' as specified by FSC-STD-40-004 also to the *contractor*.

Labelling

- 2.4 The *contracting organization* shall maintain control and responsibility of the correct FSC label being applied, if product labelling is part of the outsourced processing.
- 2.5 The *contracting organization* shall ensure that its license code is used in the FSC label and shall submit the proof to its certification body for approval.

Auditing

- 2.6 FSC certified CoC *contractors* are exempted from a potential inspection by the *contracting organization's* certification body, if the outsourced process is covered by the scope of the *contractor's* certificate.

NOTE: The *contractor* is subject to evaluation and monitoring by its own certification body.

– END –