



## Chain Of Custody Information Sheet

### Introduction

Demand for chain of custody certification has grown dramatically in the past few years to the extent that, for many companies, the ability to prove that a timber product has been derived from a well-managed source is now a key factor in the specification of timber and paper products.

There are currently two independently accredited chain of custody programmes, the **FSC** (Forest Stewardship Council) scheme and the **PEFC** (Programme for the Endorsement of Forest Certification) scheme. BM TRADA is accredited to offer chain of custody certification to both schemes.

### Aims of Chain of Custody Certification

Chain of Custody certification is the unbroken path which products take from the forest to the consumer, including all stages of manufacturing, transportation and distribution.

Chain of Custody certification provides evidence that the certified product originates from certified, well managed forests, and verifies that these products are not mixed with products from uncertified forests at any point in the supply chain, except under strict controls when percentage (%) labelling\* is being used.

Chain of Custody certification is required whenever a company takes legal ownership of the product.

### Achieving a Secure Chain of Custody System

#### a. Critical Control Points

The first step for an organisation which wants to implement chain of custody is to identify all Critical Control Points (CCP's). CCP's are the points in the process where there is the possibility for mixing of certified and uncertified material. Each of the points identified will need controls to ensure that mixing does not occur. In most cases, the CCP's would be classified as follows:

- Purchase of raw materials
- Goods inwards
- Production control
- Finished goods storage
- Sales

The way that mixing of certified and uncertified material can be prevented at CCP's is through a combination of identification, segregation and appropriate documentation, together with sufficient training.

#### b. Product Identification

One of the simplest ways to ensure that certified and uncertified products are not mixed is through clear identification of certified products.

- Products from certified forests are clearly identified as such, and procedures exist to control this identification.
- Where appropriate, materials, work in progress and finished goods carry unique identification from which it is possible to trace the material to a certified source.
- Production runs of certified and/or non-certified product should be separated physically or in time.

### c. Documentation

Documentation is an essential part of chain of custody. In particular:

- Records should be maintained relating to purchase, delivery, shipment, receipt, forwarding and invoicing of certified products.
- Documented procedures should be in place for implementing and maintaining control at all identified critical control points throughout the process.
- Accurate production records should be kept, from which it is possible to identify source and quantity of materials input, and volume or number of goods manufactured.

### d. Training

All personnel must be adequately trained if the system is to work effectively. This is important even in very small organisations.

- A management representative should be identified, with responsibility and authority to implement and maintain the Chain of Custody system.
- All staff should understand their specific responsibilities in the control of Chain of Custody, and have adequate training in order to fulfil their assigned tasks.
- Records of training and experience should be maintained, appropriate to the scale of operations, identifying previous training and likely additional training needs.

## Records Required by Auditors

Adequate record keeping is a very important part of maintaining a secure Chain of Custody. All records should be legible and well organised. Auditors will be interested in the following:

- Procedures for the identification, collection, filing, storage, maintenance and retention of all relevant records, appropriate to the scale of the operation
- All records relating to the chain of custody system should be kept for a minimum of five years.
- The following records, as appropriate, should be maintained:
  - Purchase records, including purchase orders, contracts, invoices and list of approved suppliers.
  - Goods inwards notes and records of proof of delivery.
  - Stock records of raw materials and finished product, including where appropriate, annual stock taking results.
  - Production records.
  - Sales orders received, invoices and delivery notes issued.

A very important part of the control of Chain of Custody is the monitoring of quantities of certified material bought and certified products sold. Therefore, records must be kept of:

- Quantities of raw materials purchased from each supplier plus the total for each type of raw material.
- Conversion ratios calculated for each process, if appropriate.
- Sales details of certified products, including quantities sold to each customer and total quantities sold.

Summaries of certified raw material used and product produced should be generated regularly, and as a minimum, every 6 months.

## Threshold System

Where appropriate, clients may make percentage-based claims on invoices and delivery notes in respect of the sales of certified goods. Such claims will accurately reflect the percentage of certified raw wood and will be verified by BM TRADA during the initial assessment and as part of the annual audit.

For clients involved in the manufacture and/or processing of certified products most chain of custody systems will allow two approaches to be utilised. Currently the most common system in the UK relies on inventory control and accounting of product flows. Under this system the minimum percentage of certified virgin wood in the batch shall be indicated in off-product statements for the corresponding production batch.

Organisations operating the threshold system may mix both certified and uncertified raw materials during storage, or during processing. Whether mixing occurs during storage or processing the following controls will need to be evident:

- regular calculation of the proportions of certified and uncertified material received or used over the given monitoring period, ensuring the minimum threshold is not breached.
- a mechanism to alert operators if the minimum threshold for certified material is being approached.
- procedures to ensure any production that falls below the minimum threshold is classified as “uncertified”.

Under the current requirements all “uncertified” material being used within the threshold system mix must be confirmed and verified as meeting the minimum controlled criteria set within the given standard.

## **Volume Credit**

A second methodology for inventory control and wood flow accounting, generally known as the “volume credit system” (or %in / %out”) may be utilised in circumstances where a known volume of virgin wood within an input batch is certified. Under this system, only **the same volume of material/product input may be labelled as certified in the output batch**. The remaining “uncertified” volume/material used within the production batch must meet the minimum controlled criteria set within the given standard.

Organisations operating the volume credit system may again mix both certified and uncertified raw material during processing, but the following controls will need to be evident:

- a volume accounting system verifying the exact volume of both certified and controlled inputs specified over the given monitoring period.
- production conversion factors applied to the input volumes (where appropriate) set for each individual product group.
- procedures to ensure that the specified minimum certified inputs are met over the given monitoring period.
- deductions of all orders sold under the volume credit system.

**For clients involved in the selling of certified goods, which carry a percentage-based or volume credit claim, such claims must be passed on to the client’s customer on the delivery note and sales invoice.**

In the case of a batch of chip and fibre products or a batch of assembled products, the minimum percentages in the batch (by weight) of certified material shall be documented in the delivery note and invoice.

## **BM TRADA Forest Products Chain of Custody Certification**

In addition to FSC and PEFC chain of custody certification there are other certification schemes and forest management initiatives operating in various parts of the world where currently there is no route to market for products because of the absence of independent verification of chain of custody.

As part of the development process some of these initiatives may have undergone verification by independent forestry consultants to determine if they would comply, for example, with the UK Government’s Timber Procurement Policy for timber products that are “legal and progressing towards sustainability”. BM TRADA has developed a scheme that seeks to support such initiatives and as such is prepared to give these schemes unaccredited certification under our **Forest Products** scheme.

Currently there are five schemes included in the Forest Products scheme:

- The Malaysian Timber Certification Council (MTTC) scheme
- The Congolese Industry du Bois (CIB) scheme
- The Samartex Timber and Plywood scheme
- The Canadian Standards Association (CSA) scheme - ratified by PEFC

- The American Sustainable Forestry Initiative scheme (SFI) - ratified by PEFC

The essential elements of the **Forest Products** scheme are:

1. The scheme seeks to offer verification of chain of custody systems and independently verified forest management initiatives thereby providing a route to a market that is increasingly showing a strong preference for independently certified wood products.
2. While the scheme will offer independent certification it will not be accredited by an external agency at this time. However, an essential element of the forest management initiative is that it is subject to independent evaluation by a credible body, such as the Tropical Forestry Trust. Such evaluation should be able to confirm that the forest management initiative in question is making discernible progress to full forest management certification in due course.
3. Organisations must be able to demonstrate evidence of receipt of certified wood products through documentation (suppliers' chain of custody certificate if appropriate, verification reports, purchase orders/contracts, delivery notes, invoices etc.).
4. Chain of custody is fundamentally a management system. The chain of custody criteria that an organisation will have to meet will be essentially the same as those for FSC and PEFC chain of custody systems. Organisations who already have certification under one or both schemes can develop a generic chain of custody procedure manual to cover all systems.

## The Chain of Custody Audit Process

### 1. Application

Following receipt of a completed Request for Quotation form, a quote for certification will be sent to you. Once the quote has been accepted we will allocate an auditor who will contact you to arrange a date for the audit.

### 2. Assessment

The assessment will follow the pattern detailed below:

#### a) Opening meeting

The auditor will explain the process and confirm the scope of Chain of Custody.

#### b) Audit process

This usually consists of examination of the following:

##### i) Incoming material:

- Visit to the purchasing department.
- Review of documentation and records.
- Receipt, measurement and recording of incoming raw material or products.
- Storage of incoming raw material, including location control for certified material.
- Evaluation of inputs to the Chain of Custody.

##### ii) Production Control:

- Assessment of risk of uncontrolled mixing of certified and non-certified material/products.
- Evaluation of control systems implemented.
- Control and identification during processing, sorting and packing.

##### iii) Outgoing material:

- Segregation and/or identification of certified product in store.
- Labelling and dispatch.
- Sales department.

### 3. Report and certificate issue

Once the audit report has been verified by head office the operations team will issue your chain of custody certificate.

### 4. Routine surveillance

Surveillance visits are undertaken, as a minimum, annually.

### 5. Full re-assessment

In the case of FSC certification re-assessment will be undertaken every 5 years. This will incur an additional cost, which is estimated to be around £350.

For both PEFC and Forest Products certification re-assessment is undertaken every 3 years, though this is covered by your normal annual surveillance fee.

## Fees for Certification

Please note that the fees for certification are dependent on the size, scope and complexity of the organisation and as such as quoted on an individual basis. Please complete our Request for Quotation form and we will be able to prepare an accurate quotation for your organisation.

## For further information contact:

### BM TRADA Certification

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## Technical references:

For copies of the relevant standards -

### Forest Stewardship Council

[www.fsc.org](http://www.fsc.org) FSC STD-40-004 V. 2.0 (Companies supplying and manufacturing FSC certified products)  
FSC STD-40-005 (FSC standard for non FSC-certified controlled wood)  
FSC STD-40-201 (FSC on-product labelling requirements)

### Programme for the Endorsement of Forest Certification

[www.pefc.org](http://www.pefc.org) Annex 4 (Chain of Custody of Forest Based Products – Requirements)  
Annex 5 (PEFC Logo Use Rules)

\* Percentage based labelling is a mechanism by which wood products which contain only a proportion of certified raw material may still carry a label indicating a claim that they come from well managed forests. The accreditation body who owns or manages the certification scheme determines the guidelines and limitations on such claims.