



## Chain of custody for forest products



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- Association of Accredited Certification Bodies
- Australian Forest Contractors Association
- Australian Forest Growers
- Australian Forest Products Association
- Australian Furniture
- Australian Timber Importers Federation
- Construction Forestry Mining and Energy Union
- Engineered Wood Products Association of Australia
- Printing Industry Association of Australia
- Timber and Building Materials Association
- Timber Veneer Association of Australia



## **Chain of custody for forest products AS 4707:2014**

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## Preface

Australian Standard AS 4707 sets requirements for the chain of custody of forest products marketed with claims about certification under AS 4708:2013, the Australian Standard® for Sustainable Forest Management. AS 4708:2013 is referred to in AS 4707 as the Australian Forestry Standard, or by the abbreviation AFS. Products with the AFS certification claim and/or label deliver confidence to customers and consumers that the raw material originates in sustainably managed forests, recycled material, and controlled sources. AFS certification also covers health, safety and labour related requirements. “AFS Controlled Sources” addresses the risk of using products from controversial sources, including legality aspects. Purchasers and potential purchasers can use this information to choose the product based on sustainability and other considerations. The aim of communicating the raw material’s origin is to encourage demand for and supply of products originating in sustainably managed forests, thereby stimulating market-driven continuous improvement of management of Australia’s forests.

The AFS certification scheme is endorsed by the international Programme for the Endorsement of Forest Certification. Products eligible for AFS claims are therefore also eligible for PEFC claims.

This standard has been developed in an open, transparent, consultative and consensus based process covering a broad range of stakeholders. It replaces AS 4707:2006.

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

- verifying the whole chain of custody system and the proportion of certified forest product in each link of the certification chain;
- issuing, monitoring and withdrawing chain of custody certificates;
- providing advice on issuing and withdrawing chain of custody certificates to Australian Forestry Standard Limited; and
- monitoring and controlling the use or misuse of chain of custody certificates including the certificate holder’s statements and any market claims.

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

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## 1. Scope

This standard covers the requirements to implement a chain of custody for wood and other forest based products.

These chain of custody requirements describe a process of how to get from the information about the origin of the procured raw material to the information about the origin of the organisation's products. This standard specifies two optional approaches for chain of custody, namely the physical separation method and the percentage based method.

This standard also specifies the minimum management system requirements for the implementation and management of the chain of custody process. An organisation's quality (ISO 9001:2008) or environmental management system (ISO 14001:2004) may be used to implement the minimum requirements for the management system defined in this standard.

In addition this standard includes minimum requirements for health, safety and labour issues.

The chain of custody shall be used in connection with the definition of specific AFS and/or PEFC claim(s) ("X% AFS/PEFC Certified" and "AFS/PEFC Controlled Sources") which include criteria for the recognition of certified material. The core part of the standard therefore defines the chain of custody process using the generic terms "certified, neutral and other material", while the content of those terms specific for an individual claim is defined in an Appendix to this standard.

The use of claims and relating labels, as a result of implementation of the chain of custody, is based on ISO 14020:2000 that shall be followed by the users of this standard. Consideration of recycled material within the chain of custody is based on the requirements of ISO/IEC 14021:1999 that shall be followed by the users of this standard.

The labelling of products is considered as an optional communication tool which may be incorporated into the organisation's chain of custody process(es). Where the organisation decides to apply on-product or off-product labelling, the requirements for the use of a label, including those set up by the owner of the label are becoming an integral part of chain of custody requirements.

This standard shall be implemented for the purposes of third party conformity assessment based on requirements defined by the AFS Board. The conformity assessment is considered as product certification and shall follow ISO/IEC 17065.

The term "shall" is used throughout this standard to indicate provisions that are mandatory. The term "should" indicates provisions which, although not mandatory, are expected to be adopted and implemented. The term "may" used throughout this standard indicates permission expressed by this standard whereas "can" refers to be ability of a user of this standard or to a possibility open to the user.

## 2. Normative references

The following referenced documents are indispensable for the application of this standard. For both dated and undated references, the latest edition of the referenced document (including any amendment) applies.

- Australian Forestry Standard Chain of Custody Scheme Rules
- Australian Forestry Standard Logo Use Rules
- ISO/IEC Guide 2:2004, *Standardization and related activities – General vocabulary*
- ISO 9000:2005, *Quality management systems – Fundamentals and vocabulary*
- AS/NZS ISO 9001:2008, *Quality management systems – Requirements*
- AS/NZS ISO 14001:2004, *Environmental management systems – Requirements with guidance for use*
- ISO/IEC 14020:2000, *Environmental labels and declarations – General principles*
- ISO/IEC 14021:1999, *Environmental labels and declarations – Self-declared environmental claims (Type II environmental labelling)*
- ISO 19011:2011, *Guidelines for auditing management systems*
- ISO/IEC Guide 65:1996, *General requirements for bodies operating product certification systems*
- ISO/IEC 17065, *Conformity assessment – Requirements for bodies certifying products, processes and services*
- EN 643:2001, *Paper and board – European list of standard grades of recovered paper and board*

### 3. Terms and definitions

For the purposes of this standard, the relevant definitions given in ISO/IEC Guide 2 and ISO 9000:2005 apply, together with the following definitions:

AFS recognised certificate	Any of: <ul style="list-style-type: none"><li>(a) a valid accredited forest management certificate issued against AS 4708</li><li>(b) a valid accredited chain of custody certificate issued against AS 4707</li><li>(c) a valid accredited forest management certificate issued by a PEFC notified certification body against a forest management scheme/standard which is endorsed by the PEFC Council</li><li>(d) a valid accredited chain of custody certificate issued by a PEFC notified certification body against this standard together with PEFC recognised and specification of the material category or</li><li>(e) a valid accredited chain of custody certificate issued by a PEFC notified certification body against a scheme specific chain of custody standard which is endorsed by the PEFC Council.</li></ul>
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*Note: PEFC endorsed forest certification scheme and chain of custody standards are found at the PEFC Council website, [www.pefc.org](http://www.pefc.org).*

Australian Forestry Standard (AFS)	For convenience, AS 4708:2013 Australian Standard® for Sustainable Forest Management is referred to in AS 4707 as 'Australian Forestry Standard', or by the abbreviation 'AFS'.
Certificate	A document indicating that an organisation's chain of custody system conforms to this Australian Standard and any supplementary documentation required under the chain of custody system.
Certified material	Raw material covered by the chain of custody claims. The criteria for certified material and its suppliers are defined in an Appendix to this standard.
Certified product	Product claimed to include <b>certified material</b> whose content is verified by chain of custody.
Chain of custody	Process of handling of information on the <b>material category of forest based products</b> which allows the organisation to make accurate and verifiable claims on the content of certified material.
Claim	Information which indicates certain aspects of a product. The term "claim" used in this standard indicates use of the official chain of custody claims (see, for example, Appendix 1) relating to the AFS/ PEFC claim.

Claim period	Time period for which the <b>chain of custody claim</b> applies.
Conflict timber	<p>“Timber that has been traded at some point in the chain of custody by armed groups, be they rebel factions or regular soldiers, or by a civilian administration involved in armed conflict or its representatives, either to perpetuate conflict or take advantage of conflict situations for personal gain... conflict timber is not necessarily illegal” or the exploitation of timber by itself be a direct cause of conflict.</p> <p><i>Note: Definition used by UNEP (<a href="http://www.unep.org/dewa/Africa/publications/AEO-2/content/205.htm">www.unep.org/dewa/Africa/publications/AEO-2/content/205.htm</a>).</i></p>
Controlled sources	Material for which the risk of originating from controversial sources has been minimised through the implementation of the AFS Due Diligence System.
Controversial sources	<p>Forest activities that:</p> <ul style="list-style-type: none"> <li>(a) do not comply with local, national, or international legislation applying to forest related activities, in particular in the following areas: <ul style="list-style-type: none"> <li>- forestry operations and harvesting, including biodiversity conservation and conversion of native forest to other use</li> <li>- management of areas with designated high environmental and cultural values</li> <li>- protected and endangered species, including requirements of CITES</li> <li>- health and labour issues relating to forest workers</li> <li>- indigenous peoples’ property, tenure and use rights</li> <li>- third parties’ property, tenure and use rights</li> <li>- payment of taxes and royalties.</li> </ul> </li> <li>(b) do not comply with legislation of the country of harvest relating to trade and customs, in so far as the forest sector is concerned</li> <li>(c) use genetically modified forest based organisms</li> <li>(d) convert native forest to other vegetation types, including conversion of native forest to plantations.</li> </ul> <p><i>Note: The policy on the exclusion of material from genetically modified forest based organisms remains in force until 31 December 2022.</i></p>
Customer	A single entity, either buyer or user of the organisation’s products, to whom the claim is made. The term customer also covers an internal customer within the organisation where other product groups exist.
Due Diligence System (DDS)	A framework of procedures and measures, namely information gathering, risk assessment and risk mitigation, to exercise due diligence.

Forest based material Raw material originating in forest areas or from other areas recognised by Australian Forestry Standard Limited as eligible for AFS and other PEFC endorsed forest management certification, including **recycled material** originally coming from those areas.

*Note: Forest based material includes wood based as well as non-wood based material.*

Forest based products Products that include **forest based material**.

Labelling Use of **labels** (on- and off-product).

Material category The characteristics of the place where the raw material is coming from. This standard uses three material categories: certified, neutral and other material, whose definitions are made specifically for individual claims.

Native forest Any locally indigenous forest community containing the suite of species and habitats normally associated with that native forest type.

Neutral material Material that is not forest based and is therefore considered as neutral in the calculation of the certification percentage.

Organisation Any entity that makes claims about products and implements the requirements of this standard. Such an entity can clearly identify the **supplier** of its raw materials and the **customer** for its products.

Other material Forest based material other than certified material.

Plantation Stands of trees of native or exotic species created by the regular planting, sowing or control of cuttings, seedlings, seed or coppice.

Physical separation A procedure in which various materials/products of different **material categories** are kept separate so that the **category** of the materials/products used and transferred to the **customer** is known.

*Note: Physical separation can involve physical separation at an organisation's facility, for example, in separate bays or in specific storage areas of the facility or it can include clear marking or use or have distinguishing marks, to readily identify the materials of different origin categories.*

Primary forest **Forest** of native species where there is no clearly visible indications of human activities and the ecological processes are not significantly disturbed. Primary forest includes areas where collection of non-timber forest products occurs, provided the human impact is small. Some trees may have been removed.

Product group Set of products manufactured or traded in the specified processes which are covered by the organisation's **chain of custody**. The organisation can establish one or more product groups as a result of parallel or subsequent processes. The chain of custody product group can also include a single product for which the chain of custody is implemented. This approach to implementing chain of custody is also called "project chain of custody".

Recycled material **Forest based material** that is:

(a) diverted from the waste stream during a manufacturing process. Materials such as rework, regrind or scrap generated in a process and capable of being reclaimed within the same process that generated it are excluded. By-products such as sawmilling by-products (sawdust, chips, bark, etc.) or forestry residues (bark, chips from branches, roots, etc.) are excluded, as they do not represent "waste stream".

or

(b) generated by households or by commercial, industrial and institutional facilities in their role as end-users of the product which can no longer be used for its intended purpose. This includes material returned from the distribution chain.

*Note 1: The term "capable of being reclaimed within the same process that generated it" means that the material generated in one process is continuously returned to the same process at the same site. An example is residue generated by a press line in a panel board production that continuously re-enters the same press line. This is not considered recycled material.*

*Note 2: Chips and other by-products of milling and residues from harvesting are not considered recycled because they have not previously been converted into a finished product.*

*Note 3: This definition is based on definitions of ISO 14021:1999.*

Rolling percentage calculation Calculation of the certification percentage based on input material procured during the specified period before the product's manufacturing or trading.

Simple percentage calculation Calculation of the certification percentage based on input material physically included in the product for which the calculation is made.

*Note: An example of the simple percentage calculation is a printing job where the certification percentage is calculated from the material purchased and used for this specific printing job.*

Supplier A clearly identified single entity directly supplying input material to the relevant **product group**. In cases where the material is physically delivered by an entity other than that having the ownership title to the material, the organisation shall appoint a single supplier for the purposes of this definition, either an entity with the ownership title or an entity physically delivering the material.

*Note: For example, material procured by a printing house from a distributor and delivered directly by a paper producer may be considered as supplied either by the distributor or paper producer. The term supplier also covers an internal supplier within the organisation where more subsequent product groups exist.*

## 4. Identification of the material category of material/products

### 4.1 Identification at delivery (incoming) level

4.1.1 For each delivery of material entering the chain of custody product group the organisation shall obtain from the supplier the information that is necessary to identify and verify the material category of the procured material.

4.1.2 Documentation associated with each delivery of certified and other forest based material shall include at least the following information:

- (a) the organisation's name as the customer of the delivery
- (b) supplier identification
- (c) product(s) identification
- (d) quantity of delivery for each product covered by the documentation
- (e) date of delivery/delivery period/accounting period.

Additionally the documentation shall include for each product with an AFS claim:

- (f) the formal claim on the material category (percentage of certified material) specifically for each claimed product covered by the documentation, as applicable
- (g) the identifier of the supplier's chain of custody or forest management certification or other document confirming the supplier's certified status.

*Note 1: The formal claim, which means the claim in its exact wording, as well as documents confirming the certified status are specified in an Appendix to this standard or by other document(s) defined by the relevant forest certification or labelling scheme.*

*Note 2: The certificate identifier can be a numerical or alpha-numerical combination and is usually referred to as the "certification number".*

*Note 3: An example of the delivery documentation is an invoice or delivery note provided that it meets all the requirements of clause 4.1.2.*

- 4.1.3 For each delivery, the organisation shall classify the procured material as certified, neutral or other material in accordance with the claim specification for which the chain of custody was implemented.

*Note: Appendix 1 specifies the use of claims on products.*

## **4.2 Identification at supplier level**

- 4.2.1 The organisation shall require, from all suppliers of certified material, a copy of or access to the forest management or chain of custody certificate or another document confirming the supplier's certified status.

*Note: The criteria for the supplier of certified material and documents confirming the supplier's certified status are specified for each claim in an Appendix on specification of the claim or by other document defined by the relevant forest certification or labelling scheme.*

- 4.2.2 The organisation shall evaluate the supplier's certified status with the criteria for the suppliers of certified material based on validity and scope of documents received under clause 4.2.1.

*Note: In addition to the document received from the supplier, the organisation should make use of publicly available registers of suppliers of certified material (certificate holders) kept by Australian Forestry Standard Limited or the PEFC Council or other recognised organisations*

## **5. Minimum Due Diligence System (DDS) requirements**

### **5.1 General requirements**

- 5.1.1 The organisation shall operate a Due Diligence System (DDS), in accordance with the following elements of this standard, which is based on risk management techniques to minimise the risk that the procured material originates in controversial sources.

- 5.1.2 The DDS shall be implemented for all input forest based material covered by the organisation's chain of custody with the exception of:

- (a) recycled material and
- (b) material originating from species listed in Appendices I to III of CITES provided it complies with applicable international, European and national legislation relating to CITES.

- 5.1.3 The organisation may choose to implement the DDS for input forest based material which is not covered by the organisation's chain of custody to enable the organisation to make a claim that the material is from "AFS/PEFC Controlled Sources" in accordance with Appendix 1 to this standard.

- 5.1.4 The organisation's DDS shall be supported by the organisation's management system meeting requirements of clause 8 of this standard.

- 5.1.5 The organisation shall implement the DDS in three steps relating to:
- (a) gathering information
  - (b) risk assessment and
  - (c) management of significant risk supplies.
- 5.1.6 The organisation procuring raw material originating from species listed in Appendix I to III of CITES shall comply with applicable international, European and national legislation relating to CITES.
- 5.1.7 The organisation shall not include any restricted forest based material originating from countries which are covered by applicable UN, EU or national government sanctions restricting the export-import of such forest based products.
- Note: The term “applicable” means that sanctions are applicable to the organisation.*
- 5.1.8 Conflict timber shall not be used by the organisation.
- 5.1.9 The organisation shall not include any material from genetically modified forest based organisms in products covered by the organisation’s DDS.
- 5.1.10 The organisation shall not include in products covered by the organisation’s DDS any wood from native forests produced by clearing those forests to make way for other land use.

## **5.2 Gathering of information**

- 5.2.1 The risk assessment is based on information provided by the supplier. The organisation shall have access to the following information:
- (a) identification of the material/product, including its trade name and type
  - (b) identification of tree species included in material/product by their common name and/or their scientific name where applicable
  - (c) country of harvest of the material and, where applicable, sub-national region and/or concession of harvest.

*Note 1: Access to the scientific name of species is required in cases where the use of a common name could pose a risk of wrong identification of the species.*

*Note 2: Use of a trade name of species is considered as equivalent to the common name in cases where all species covered by the trade name have an equivalent risk of originating in controversial sources.*

*Note 3: Access to the sub-national level of the material origin is required in cases where sub-national regions within one country do not represent an equivalent risk relating to the controversial sources.*

*Note 4: The term concession of harvest means a long-term and exclusive contract for harvest on defined geographical area of the publicly owned forests.*

*Note 5: The term “country/region” is further used throughout this clause to identify a country, a sub-national region or a concession of harvest of the material/product origin.*

### 5.3 Risk Assessment

- 5.3.1 The organisation shall carry out the risk assessment of procuring raw material from controversial sources for all input forest based material covered by the organisation's DDS, with the exception of:
- certified material/products delivered with a claim by a supplier with an AFS recognised certificate
  - other material/products delivered with an "AFS Controlled Sources" or equivalent claim by a supplier with an AFS recognised certificate
- 5.3.2 The organisation's risk assessment shall result in the classification of supplies into the "negligible" or "significant" risk category.
- 5.3.3 The organisation's risk assessment shall be carried out based on an evaluation of:
- the likelihood that activities defined under the term controversial sources occur in the country/region of the supply or for the tree species of the supply (hereinafter referred to as the likelihood at the origin level) and
  - 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).
- 5.3.4 The organisation shall determine the risk, based on the likelihood at the origin level and the likelihood at the supply chain level and their combination, in order to classify all supplies as "significant" risk where one or both levels are assessed as having high likelihood (see Figure 1).

**Figure 1**  
Risk categories

High	Likelihood on supply chain level	Significant Risk	Significant Risk
		Negligible Risk	Significant Risk
Low	Likelihood on origin level	Low	High

- 5.3.5 The following tables list indicators which shall be used for the classification of the risk of supplies.

*Note: The indicators for “low likelihood” on origin as well as on supply chain level describe options for a first step of risk mitigation (for example, provision of additional information) before starting the formal risk mitigation process described in clause 5.5. Hence, if the supplies can be characterised by indicators indicating “low likelihood” on the supply chain level or the origin level this always overrules a “high likelihood” indicator on the same axis.*

**Table 1**

List of indicators for “low” likelihood on origin and supply chain level (negligible risk)

<b>Indicators</b>
Supplies delivered with a certificate from AFS or other PEFC endorsed scheme: <ul style="list-style-type: none"> <li>a. certified material/products delivered with a claim by a supplier with an AFS recognised certificate</li> <li>b. other material/products delivered with an “AFS Controlled Sources” or equivalent claim by a supplier with an AFS recognised certificate.</li> </ul>
Supplies declared as certified against a forest certification scheme (other than PEFC endorsed) supported by a forest management or chain of custody certificate issued by a third party certification body.
Supplies verified by governmental or non-governmental verification or licensing mechanisms other than forest certification schemes focused on activities covered by the term controversial sources.
Supplies supported by verifiable documentation which clearly identifies: <ul style="list-style-type: none"> <li>a. country of harvest and/or sub-national region where the timber was harvested (including consideration of the prevalence of armed conflict)</li> <li>b. trade name and type of product as well as the common name of tree species and, where applicable, its full scientific name</li> <li>c. all suppliers within the supply chain and the forest management unit of the supply origin</li> <li>d. documents or other reliable information indicating compliance of those timber and timber products with activities referred to by the term controversial sources.</li> </ul> <p>Special attention shall be given to documentation which is produced by a governmental body of the country with TI CPI below 50.</p>

*Note 1: The timber verification by a DDS according to the requirements of the European Timber Regulation, monitored by a Monitoring Organisation, can be used as evidence for the legality of the supplies.*

*Note 2: A specific geographical approach for the identification of negligible risk is described in clause 5.3.8.*

**Table 2**List of indicators for “high” likelihood on origin<sup>1</sup>

<b>Indicators</b>
The actual corruption perception index (CPI) of the country presented by Transparency International (TI) is lower than 50. <sup>2</sup>
The country/region has a prevalence of armed conflict.
The country/region is known to be a country with low level of forest governance and law enforcement.
Tree species included in the material/product is known as species with prevalence of activities covered by the term controversial sources.

**Table 3**

List of indicators for “high” likelihood on origin and supply chain level

<b>Indicators</b>
Participants and steps in the supply chain up to the point in the chain when the first checks are undertaken by a verification system cannot be identified.
Countries/regions where the timber and timber products have been traded before the first verification by a verification system accepted as indicator for low risk in the risk matrix are unknown.
Tree species in the product are unknown.
Evidence of illegal practices by any company in the supply chain.

- 5.3.6 The risk assessment shall be carried out for the first delivery of every individual supplier. It shall be reviewed, and revised if the organisation finds that significant change in a risk indicator has occurred, at least once a year.
- 5.3.7 The risk assessment shall be carried out for every delivery by an individual supplier in which changes regarding the characteristics listed in clause 5.2.1 occurred.

1 Australian Forestry Standard Limited will provide examples of external references and further guidance.  
 2 Transparency International has indicated that its corruption perception index is not always appropriate for forestry. More appropriate indicators can be used with a prior agreement with Australian Forestry Standard Limited in consultation with Transparency International. Australian Forestry Standard Limited will provide guidance on these indicators.

- 5.3.8 An organisation can conduct a risk assessment and identify negligible risk for deliveries from a specific geographical area, subsequent to the following conditions:
- (a) the organisation shall keep updated:
    - i. a clear definition of the particular area
    - ii. a list with tree species delivered from the area
    - iii. appropriate evidence to verify that its sources of supply are limited to the identified geographic area and tree species.
  - (b) No indicator listed in Table 2 and Table 3 shall be applicable.
  - (c) The area specific risk assessment shall be carried out before the first delivery from the area. It shall be reviewed and if necessary revised at least once a year.
  - (d) The area specific risk assessment shall be reviewed and if necessary revised if (a) is changed.

#### **5.4 Substantiated concerns**

- 5.4.1 The organisation shall ensure that material and non-trivial substantiated concerns provided by third parties concerning supplier compliance with legal requirements and other aspects of controversial sources are promptly investigated and, if validated, result in (re)assessment of the risks associated with the relevant supplies.

*Note: 'Substantiated' means that the third party has provided apparently objective evidence (for example, documents or pictures) and/or statement/s reliably attributed to someone independent of the third party.*

- 5.4.2 In the case of substantiated concerns, material originally excluded from the risk assessment (see clause 5.3.1) shall undergo a risk assessment according to the requirements in 5.3.

#### **5.5 Management of significant risk supplies**

##### **5.5.1 General**

- 5.5.1.1 For supplies identified as "significant" risk, the organisation shall request the supplier to provide additional information and evidence, if possible, which allows the organisation to classify the supply as negligible risk. The supplier shall ensure that:

- (a) it will provide the organisation with necessary information to identify the forest management unit(s) of the raw material and the whole supply chain relating to the "significant" risk supply
- (b) it 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: These procedures can be ensured, for example, by contractual agreements or a written self-declaration by the supplier.*

- 5.5.1.2 The organisation shall establish a second or third party verification programme for supplies classified as "significant" 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 whenever relevant and
- (c) risk mitigation, corrective and preventive measures as required.

## **5.5.2 Identification of the supply chain**

- 5.5.2.1 The organisation shall require, from all suppliers of “significant” risk supplies, detailed information on the whole supply chain and forest management unit(s) of the supply’s origin.
- 5.5.2.2 In cases where the supplies can be verified as negligible risk according to the indicators in Table 1 at one step in the supply chain the organisation is not required to track the whole supply chain to the forest management unit.
- 5.5.2.3 The information submitted shall allow the organisation to plan and execute on-site inspections.

## **5.5.3 On-site inspections**

- 5.5.3.1 The organisation’s verification programme shall include on-site inspections of suppliers delivering “significant 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. The organisation may substitute the on-site inspection with documentation review where the documentation provides sufficient confidence in the material origin in non-controversial sources.
- 5.5.3.2 The organisation shall demonstrate that it has sufficient knowledge and competence in the legislation applicable to the origin of “significant” risk supplies and relevant to the definition of the controversial source.
- 5.5.3.3 Where the on-site inspection is carried out by a third party on behalf of the organisation, the organisation shall demonstrate that the third party has sufficient knowledge and competence in the legislation as required by clause 5.5.3.2. The competency requirements in Appendix 4 shall be met by third parties.
- 5.5.3.4 The organisation shall determine a sample of significant risk supplies from one supplier to be verified by the verification programme. The size of the annual sample shall be at least the square root of the number of “significant” risk supplies per one year 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 20% rounded up to the next whole number.
- 5.5.3.5 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.

## **5.5.4 Corrective measures**

- 5.5.4.1 The organisation shall define written procedures for implementing corrective

measures for non-compliance for suppliers identified by the organisation's verification programme.

5.5.4.2 The range of corrective measures shall be based on the scale and seriousness of the risk that timber or timber product(s) may be from controversial sources and shall include at least one or more of the following:

- (a) clear communication of the risk identified with a request for addressing the risk identified within a specific timeline so as to ensure that timber or timber product(s) from controversial sources is not supplied to the organisation,
- (b) requiring suppliers to define risk mitigation measures relating to forest management units compliance with legal requirements or efficiency of the information flow in the supply chain,
- (c) cancellation of any contract or order for timber or timber product(s) until the supplier can demonstrate that appropriate risk mitigation measures have been implemented.

## **5.6 No placement on the market**

5.6.1 Timber or timber product(s) from unknown sources or from controversial sources shall not be included in product groups covered by the organisation's AFS chain of custody.

5.6.2 Timber known or reasonably suspected to come from illegal sources (controversial sources (a) or (b)) shall not be processed, traded and/or placed on the market.

## **6. Chain of custody method**

### **6.1 General**

6.1.1 There are two methods to implement the chain of custody, namely the physical separation method and the percentage based method. Depending on the nature of material flows and processes the organisation shall choose the appropriate method.

### **6.2 Physical separation method**

#### **6.2.1 General requirements for physical separation method**

6.2.1.1 The organisation whose certified material/products are not mixed with other material/products and/or where the certified material/products can be identified during the whole process, should use the physical separation method as the preferred option.

6.2.1.2 The organisation applying the physical separation method shall ensure that the certified material is separated or clearly identifiable at all stages of the production or trading process.

6.2.1.3 The physical separation method may also apply to the certified products with various content of certified material.

*Note: The organisation may physically separate a product(s) with the same percentage based claim from other products with or without different percentage claims.*

## 6.2.2 Separation of certified material/products

6.2.2.1 Certified material and certified products with different content of certified material shall remain clearly identifiable throughout the whole production/trading process, including storage. This shall be achieved by:

- (a) physical separation in terms of production and storage space or
- (b) physical separation in terms of time or
- (c) clear identification of the certified material/products during the process.

## 6.3 Percentage base method

### 6.3.1 Application of the percentage based method

6.3.1.1 The percentage based method of the chain of custody applies to organisations that are mixing certified material/products with other material categories.

### 6.3.2 Definition of the product group

6.3.2.1 The organisation shall implement the requirements for the chain of custody process of this standard for the specific product group.

6.3.2.2 The product group shall be associated with (i) a single product type or (ii) a group of products, which consist of the same or similar input material according to, for example species, sort, etc. The material entering the group of products shall have the same measurement unit or units that are transferable to the same measurement unit.

6.3.2.3 The product group shall be associated with products which have been produced or manufactured by the organisation at one production site or multiple sites within Australia that produce similar products from the same or similar inputs.

*Note: This requirement is not applicable to organisations or its processes where the production site cannot be clearly identified, for example, timber harvesting contractors, transportation, trade, etc.*

### 6.3.3 Calculation of the certification percentage

6.3.3.1 The organisation shall calculate the certification percentage separately for each product and for a specific claim period according to the following formula:

$$P_c [\%] = \frac{Q_c \times 100}{Q_c + Q_o}$$

$P_c$	Certification percentage
$Q_c$	Quantity of certified material
$Q_o$	Quantity of other material

*Note: In addition to certified and other material, the criteria for specific claims also define neutral material which does not enter into the calculation formula. Therefore, the total quantity of the material is the sum of certified material, neutral material and other material, ( $Q_t = Q_c + Q_o + Q_n$ ; where  $Q_t$  is total quantity of material and  $Q_n$  is quantity of neutral material).*

6.3.3.2 The organisation shall calculate the certification percentage based on a single measurement unit used for all raw material covered by the calculation. In cases of

conversion to a single measurement unit for calculation purposes, the organisation shall only use generally recognised conversion ratios and methods. If a suitable generally recognised conversion ratio does not exist, the organisation shall define and use a reasonable and credible conversion ratio.

- 6.3.3.3 If the procured product includes only a proportion of certified material, then only the quantity corresponding to the percentage claimed by the supplier shall enter the calculation formula as certified material. The rest of the material shall enter the calculation as other material.
- 6.3.3.4 The organisation shall calculate the certification percentage either as:
- (a) simple percentage (clause 6.3.3.5)
  - (b) rolling percentage (clause 6.3.3.6).
- 6.3.3.5 The organisation applying the simple percentage calculation shall calculate the certification percentage based on material physically included in the specific products of the product group for which the percentage is calculated. The claim period, in the case of simple percentage, shall not exceed 3 months.
- 6.3.3.6 The organisation applying rolling percentage shall calculate the certification percentage for the specific product group and claim period based on material procured in the specified material input period preceding the claim period. The claim period, in the case of rolling percentage, shall not exceed 3 months. The material input period shall not exceed 12 months.

*Example: The organisation which has chosen three months claim period and 12 months material input period will calculate the rolling percentage for the coming three months from the quantity of material procured in the previous 12 months.*

#### **6.3.4 Transfer of the calculated percentage to the outputs**

##### 6.3.4.1 Average percentage method

- 6.3.4.1.1 The organisation applying average percentage method shall use the calculated certification percentage for all the products covered by the product group for which the calculation has been made.

*Note: No minimum threshold for the certified percentage is set to use the average percentage method. However, the certified percentage is always a part of the claim delivered to the customer.*

*Example: If the certified percentage calculated for the three months claim period is 54%, all products covered by the product group can, during this claim period, be sold/ transferred as certified products including 54% of certified material, for example, "54% AFS certified".*

##### 6.2.4.2 Volume credit method

- 6.3.4.2.1 The organisation shall apply the volume credit method for a single claim. The organisation receiving a single delivery of material with more than one claim relating to

the material category shall either use it as a single inseparable claim or shall only use one of the received claims for calculating the volume credits.

*Note: The organisation which is receiving a single delivery of material with two claims relating to two certification schemes (for example, AFS/SFI certified) either establishes a credit account for the multiple claim (AFS/SFI certified) or decides, for a single delivery, which claim (either AFS or SFI) will be entered into the respective volume credit account.*

6.3.4.2.2 The organisation shall calculate the volume credits using either:

- (a) certification percentage and volume of output products (clause 6.3.4.2.3) or
- (b) input material and input/output ratio (clause 6.3.4.2.4).

6.3.4.2.3 The organisation applying the certification percentage shall calculate the volume credits by multiplying the volume of output products of the claim period by the certified percentage for the relevant claim period.

*Example: If the certified percentage for the product group of the specific claim period, which consists of 100 tonnes of output products, is 54%, the organisation achieves volume credits equal to 54 tonnes ( $100 * 0.54$ ) of the output products.*

6.3.4.2.4 The organisation that can demonstrate a verifiable ratio between the input material and output products, may calculate the volume credits directly from input certified material by multiplying the volume of input certified material by the input/output ratio.

*Example: If the volume of input certified material is  $70\text{m}^3$  (for example,  $100\text{m}^3$  with claim "70% AFS certified") and input/output ratio is 0.60 (for example,  $1\text{m}^3$  of roundwood results in  $0.60\text{m}^3$  of sawnwood), the organisation achieves volume credits equal to  $42\text{m}^3$  of sawnwood.*

6.3.4.2.5 The organisation shall create and manage a credit account in a single measurement unit and shall enter the volume credits into the credit account. The credit account shall be established for individual product types of the product group or for the whole product group where the same measurement unit is applied to all product types.

6.3.4.2.6 The total quantity of credits accumulated at the credit account shall not exceed the sum of credits entered into the credit account during the last twelve months. The twelve months maximum period can be extended to the average products production period where the products production period is longer than twelve months.

*Example: If the average production period of fuelwood (including drying process) is 18 months, the organisation can extend the 12 months maximum period for the accumulation of credits to 18 months.*

6.3.4.2.7 The organisation shall distribute the volume credits from the credit account for the output products covered by the credit account. The volume credits shall be distributed to the output products in a way that the certified products will be considered as containing 100% of certified material or as containing less than 100% certified material and meeting the organisation's own threshold. The result of the volume of certified products multiplied by the output percentage of certified material included in the

certified products shall be equal to the distributed volume credits withdrawn from the credit account.

*Example: If the organisation decides to distribute 54 tonnes of volume credits to output products, then the organisation can either sell 54 tonnes as certified products including 100% of certified material (for example, 54 tonnes as “100% AFS certified”) or x tonnes as certified products including y% of certified material, where  $x * y =$  distributed volume credit (for example, 77 tonnes of output products can be sold as “70% AFS certified”, where  $77t * 0.70 = 54t$ ).*

## **7. Sale and communication on claimed products**

### **7.1 Documentation associated with sold/transferred products**

7.1.1 At the point of sale or transfer of claimed products to the customer, the organisation shall provide the customer with a copy or access to a copy of its chain of custody certificate. The organisation shall inform current customers about any change in the scope of its chain of custody certification and shall not misuse its chain of custody certification.

*Note: In the case of multi-site certification where individual sites receive a separate document (referring to the main certificate) confirming their certified status, the organisation (the site) provides its customers copies of this document if applicable together with the main certificate.*

7.1.2 For the purposes of communication of the chain of custody claim, the organisation shall identify the type of document(s) associated with the delivery of all sold/transferred products. The document(s), including the formal claim, shall be issued to a single customer. The organisation shall keep copies of the documents and ensure that information contained within those copies cannot be altered after the originals are delivered to the customers.

*Note: The document(s) associated with each delivery covers the media and information, including electronic media.*

7.1.3 The document(s) associated with each delivery of all claimed products shall include at least the following information:

- (a) customer identification
- (b) supplier identification
- (c) product(s) identification
- (d) quantity of delivery for each product covered by the documentation
- (e) date of delivery / delivery period / accounting period
- (f) the formal claim on the material category (including percentage of certified material) specifically for each claimed product covered by the document, as applicable
- (g) the identifier of the supplier’s chain of custody certificate or other document confirming the supplier’s certified status.

*Note 1: The formal claim, which means the claim in its exact wording, as well as documents confirming the certified status are specified in an Appendix to this standard or by other document(s) defined by the relevant forest certification or labelling scheme.*

*Note 2: The certificate identifier can be a numerical or alpha-numerical combination and is usually referred to as the “certification number”.*

## **7.2 Use of logos and labels**

- 7.2.1 The organisation which uses an AFS logo or label, for on-product and/or off-product purposes, relating to the chain of custody certification, shall have an authorisation from Australian Forestry Standard Limited and the use shall be according to the terms and conditions of the authorisation.
- 7.2.2 The organisation may only use the label on-product for those certified products that meet the eligibility criteria for product labelling as specified by Australian Forestry Standard Limited.
- 7.2.3 The organisation which makes on-product claims on the product itself or its packaging (without a logo or label) relating to the chain of custody certification shall always use the claim in the way specified in Appendix 1 and the organisation making the claim shall be identifiable.

## **8. Minimum management system requirements**

### **8.1 General requirements**

The organisation shall operate a management system in accordance with the following elements of this standard, which ensures correct implementation, and maintenance of the chain of custody process(es). The management system shall be appropriate to the type, range and volume of work performed.

*Note: An organisation’s quality (ISO 9001:2008) or environmental (ISO 14001:2004) management system can be used to meet the minimum requirements for the management system defined in this standard.*

### **8.2 Responsibilities and authorities**

#### **8.2.1 General responsibilities**

- 8.2.1.1 The organisation’s management shall define and document its commitment to implement and maintain the chain of custody requirements in accordance with this standard. The organisation’s commitment shall be made available to the organisation’s personnel, suppliers, customers, and other interested parties.
- 8.2.1.2 The organisation’s management shall appoint a member of the management who, irrespective of other responsibilities, shall have overall responsibility and authority for the organisation’s chain of custody.

- 8.2.1.3 The organisation's management shall carry out a regular periodic review of the organisation's chain of custody and its compliance with the requirements of this standard.

## **8.2.2 Responsibilities and authorities for chain of custody**

The organisation shall identify the personnel performing activities for the implementation and maintenance of chain of custody and shall establish personnel responsibilities and authorities relating to chain of custody for at least the following elements:

- (a) raw material procurement and identification of the origin
- (b) product processing covering physical separation or percentage calculation and transfer into output products
- (c) product sale and labelling
- (d) record keeping
- (e) internal audits and non-conformity control
- (f) due diligence system.

*Note: Individual personnel may be responsible for one or more of these functions.*

## **8.3 Documented procedures**

- 8.3.1 The organisation shall establish documented procedures for its chain of custody. The documented procedures shall include at least the following elements:

- (a) organisational structure, responsibilities and authorities relating to chain of custody
- (b) description of the raw material flow within the production/trading process(es), including definition of product groups
- (c) procedures for chain of custody process covering all requirements of this standard, including:
  - identification of the raw material category
  - physical separation of certified material (for the organisations applying the physical separation)
  - definition of product groups, calculation of the certified percentage, calculation of volume credits, management of credit accounts (for the organisations applying percentage based methods)
  - sale/transfer of products, on-products claims and on-product labelling.
- (d) procedures for the due diligence system
- (e) procedures for internal audits
- (f) procedures for complaints resolution.

## **8.4 Record keeping**

- 8.4.1 The organisation shall establish and maintain records of its chain of custody to provide evidence of conformity with the requirements of this standard and its effectiveness and efficiency. The organisation shall keep at least the following records relating to the product groups covered by the chain of custody:

- (a) records of all suppliers of certified material, including copies of (or access to) the suppliers' forest management or chain of custody certificates or other documents

confirming the supplier's compliance with the criteria for suppliers of certified material

- (b) records of all input material, including claims on the material category and documents associated to the delivery of the input material
- (c) records of calculation of the certified percentage, transfer of the percentage to output products and management of the credit account, as applicable
- (d) records of all products sold/transferred, including claims on the material category and documents associated to the delivery of the output products
- (e) records of the due diligence system, including records of risk assessments and significant risk supplies management, as applicable
- (f) records of internal audits, periodic chain of custody review, non-conformities which occurred and corrective actions taken
- (g) records on complaints and their resolution.

8.4.2 The organisation shall maintain the records for a minimum period of five years.

*Note: The records cover the media and information, including electronic media.*

## **8.5 Resource management**

### **8.5.1 Human resources/personnel**

The organisation shall ensure and demonstrate that all personnel performing activities affecting the implementation and maintenance of the chain of custody are competent on the basis of appropriate training, education, skills and experience.

### **8.5.2 Technical facilities**

The organisation shall identify, provide and maintain the infrastructure and technical facilities needed for effective implementation and maintenance of the organisation's chain of custody with the requirements of this standard.

## **8.6 Inspection and control**

8.6.1 The organisation shall conduct internal audits at least annually covering all requirements of this standard and establish corrective and preventive measures if required.

8.6.2 A report on the internal audit shall be reviewed at least annually.

*Note: Guidance for performing internal audits is given in ISO 19011:2002.*

## **8.7 Complaints**

8.7.1 The organisation shall establish procedures for dealing with complaints from suppliers, customers and other parties relating to the organisation's chain of custody.

8.7.2 Upon receipt of the complaint, the organisation shall:

- (a) acknowledge the complaint to the complainant
- (b) gather and verify all necessary information to evaluate and validate the complaint and make decision on the complaint

- (c) formally communicate the decision on the complaint and of the complaint handling process to the complainant
- (d) ensure that any appropriate corrective and preventive actions are taken.

## **8.8 Subcontracting**

- 8.8.1 The organisation's chain of custody shall also cover activities of sub-contractors involved in the manufacturing of products covered by the organisation's chain of custody process(es), within or outside the organisation's site.
- 8.8.2 The organisation may only consider those activities as subcontracting where the subcontractor receives the material from the organisation which is physically separated from other material and returns the material to the organisation after the subcontracted work is completed or where the organisation remains responsible for the sale or transfer of the product to the customer. A subcontractor whose activities do not meet this requirement must be considered to be a customer.

*Note 1: An example of subcontracting is outsourcing of cutting and stapling process by a printing house with chain of custody where the printed material is transferred to the subcontractor and returned to the printing house after the subcontracted activities have been performed.*

*Note 2: An entity which is either involved in procuring the raw material or sale of the output products is required to implement its own chain of custody. The terms "receives the material from the organisation" and "returns the material back to the organisation" also cover situations where the material is received by the subcontractor directly from the supplier on the organisation's behalf or is sent by the subcontractor to the customer on the organisation's behalf. The organisation still remains responsible for all parts of the chain of custody, including requirements relating to the material procurement and sale and communication.*

*Note 3: Subcontracting is not considered to be in conflict with clause 6.3.2.3 that requires the product group to be manufactured at one site.*

- 8.8.3 The organisation shall take full responsibility for all subcontracted activities in relation with the organisation's chain of custody.
- 8.8.4 The organisation shall have a written agreement with all subcontractors ensuring that the organisation's material/products are physically separated from other material or products.
- 8.8.5 The organisation's internal audit programme shall cover the subcontractor's activities and shall include an on-site inspection (in accordance with clause 5.5.3) if the subcontractor is located in a country or region classified as high risk.

## **9. Social, health and safety requirements**

### **9.1 Scope**

This clause includes requirements relating to health, safety and labour issues that are based on ILO Declaration on Fundamental Principles and Rights at Work, 1998.

### **9.2 Requirements**

9.2.1 The organisation shall demonstrate a management commitment to recognising the right of personnel to bargain collectively consistent with the International Labour Organisation conventions and to comply with the social, health and safety requirements defined in this standard.

9.2.2 The organisation shall demonstrate that:

- (a) workers are not prevented from associating freely, choosing their representatives, and bargaining collectively with their employer,
- (b) forced labour is not used,
- (c) workers, who are under the minimum legal age, the age of 15, or the compulsory school attendance age, whichever is higher, are not used,
- (d) workers are not denied equal employment opportunities and treatment
- (e) working conditions do not endanger safety or health.

## Appendix 1 Specification of the AFS claims

### Normative

#### 1 Specification of the AFS claim on “AFS certified” material

##### 1.1 Introduction

This section, together with the requirements of this standard, specifies how the organisation uses the AFS claim on AFS certified material.

##### 1.2 Formal claim

The organisation shall use the claim “x% AFS certified” when communicating the content of AFS certified material in output products.

##### 1.3 Requirements for the categories of input material

###### ***Certified material:***

- (a) forest based material delivered with the supplier’s claim “x% AFS certified” by the supplier with either:
  - i. AFS recognised certificate or
  - ii. a document confirming that the supplier is covered by the AFS recognised certificate.
- (b) recycled material (other than products delivered with “AFS certified” claim).

###### ***Neutral material:***

Material other than forest based material.

###### ***Other material:***

Forest material other than certified material, including forest based material delivered with the supplier’s claim “AFS Controlled Sources” by the supplier with either:

- (a) AFS chain of custody certificate or
- (b) a document confirming that the supplier is covered by the AFS chain of custody certificate.

The term “a document confirming that the supplier is covered by the AFS certificate” is applicable in case of regional or group forest management certification and multi-site (group) chain of custody certification where the supplier is provided with a document referring to the scope of the AFS certificate.

##### 1.4 Additional requirements for the use of the “AFS certified” claim

For products covered by the organisation’s chain of custody which include recycled material, the organisation shall calculate the content of recycled material based on ISO 14021 and inform about it upon request.

##### 1.5 The claims “x% PEFC certified” or “x% AFS/PEFC certified” can also be applied

## to AFS certified material

*Note: "x%" refers to the percentage calculated as described in clause 6.3.3.1.*

## 2 Specification of the AFS claim on "AFS controlled sources" material

The AFS DDS delivering the Controlled Sources material is described in detail in clause 5 of the chain of custody standard.

### 2.1 Introduction

This section, together with the requirements of this standard, specifies how the organisation uses an AFS claim on output products, for which the AFS DDS has been implemented.

### 2.2 Formal claim

The organisation shall use the claim "AFS Controlled Sources" when communicating on output products for which the AFS DDS has been implemented.

### 2.3 Requirements for AFS Controlled Sources input material

#### ***Certified material:***

Forest based material delivered with the supplier's claim "x% AFS certified" by the supplier with either:

- (a) AFS recognised certificate or
- (b) a document confirming that the supplier is covered by the AFS recognised certificate.

#### ***Neutral material:***

Other than forest based material.

#### ***Other material:***

Forest based material other than certified material, including forest based material delivered with the supplier's claim "AFS Controlled Sources" by the supplier with either:

- (a) AFS chain of custody certificate or
- (b) a document confirming that the supplier is covered by the AFS chain of custody certificate.

The term "a document confirming that the supplier is covered by the AFS certificate" is applicable in case of regional or group forest management certification and multi-site (group) chain of custody certification where the supplier is provided with a document referring to the scope of the AFS certificate.

### 2.4 The claims "PEFC Controlled Sources" or "AFS/PEFC Controlled Sources" can also be applied to AFS Controlled Sources material

## Appendix 2 Implementation of the chain of custody standard by multi-site organisations

### Normative

#### 1 Introduction

The appendix only includes requirements for implementation of the chain of custody requirements that apply to organisations with multiple production locations. Multiple production locations are defined as two or more locations separated geographically such that separate administrative arrangements apply to control movement of materials within each location.

#### 2 Definitions

2.1 The multi-site organisation is defined as an organisation having an identified central function (normally, and hereafter referred to as a “central office” at which certain activities are planned, controlled and managed and production locations at which such activities are fully or partially carried out.

2.2 The multi-site organisation does not need to be a unique entity, but all sites shall have a legal or contractual link with the central office 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.

2.3 The multi-site organisation may cover:

- (a) organisations operating with franchises or companies with multiple branches where the sites are linked through a common ownership, management or other organisational link and
- (b) groups of independent legal enterprises established and functioning for the purposes of the chain of custody certification (producer group).

*Note: Membership in an association is not covered by the term “management or other organisational link”.*

2.4 The producer group means a network of typically small independent enterprises which has associated together for the purpose of obtaining and maintaining chain of custody certification. 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.

*Note: The central office in the case of the producer group can be called the “group entity” and sites can be called “group members”.*

2.5 A site means location on which activities relating to the organisation’s chain of custody are carried out.

- 2.6 The producer group is limited to participation of sites which are domiciled in a single state and which have no more than 100 employees (full time employees equivalent) and a turnover of maximum A\$25,000,000.
- 2.7 Additional criteria set for the producer group set up by the relevant certification body shall be applied.

### **3 Eligibility criteria for the multi-site organisation**

#### **3.1 General**

- 3.1.1 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 body starting its assessment.
- 3.1.2 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 this standard.
- 3.1.3 The organisation shall be able to demonstrate its ability to collect and analyse data from all sites including the central office authority and its ability to initiate changes in the chain of custody operating in the sites if required.

#### **3.2 Function and responsibilities of the central office**

The central office shall:

- (a) represent the multi-site organisation in the certification process, including communication and relationship with the certification body
- (b) submit an application for the certification and its scope, including a list of participating sites
- (c) ensure contractual relationship with the certification body
- (d) submit to the certification body a request for extension or reduction of the certification scope, including coverage of participating sites
- (e) provide a commitment on behalf of the whole organisation to establish and maintain a chain of custody in accordance with the requirements of this standard.
- (f) provide all the sites with information and guidance needed for effective implementation and maintenance of the chain of custody in accordance with this standard; the central office shall provide the sites with the following information or access to the following information:
  - a copy of this standard and any guidance relating to the implementation of the requirements of this standard
  - AFS logo use rules and any guidance relating to the implementation of the AFS logo use rules
  - a central office's procedures for the management of the multi-site organisation
  - conditions of the contract with the certification body relating to the rights of the certification body or accreditation body to access the sites' documentation and installations for the purposes of evaluation and surveillance, and disclosure of information about the sites to a third party

- explanation of the principle of the mutual responsibility of sites in the multi-site certification
- results of the internal audit programme and the certification body's evaluation and surveillance and relating corrective and preventive measures applicable to individual sites
- the multi-site certificate and any of its parts relating to the scope of the certification and coverage of sites.

*Note: The term "mutual responsibility" means that non-conformities found in one site or the central office may result in corrective actions to be performed at all sites; an increase in internal audits or withdrawal of the multi-site certificate.*

- (g) provide organisational or contractual connection with all the sites, which shall include commitments by the sites to implement and maintain the chain of custody in accordance with this standard. If separate administrative arrangements apply, the central office shall have a written contract or other written agreement with all the sites which covers the right of the central office to implement and enforce any corrective or preventive measures and to initiate the exclusion of any site from the scope of certification in case of nonconformities with this standard
- (h) establish written procedures for the management of the multi-site organisation
- (i) keep records relating to the central office and sites compliance with the requirements of this standard
- (j) operate an internal audit programme that shall provide for:
  - on-site audit of all the sites (including its own central administration function) prior to certification body starting its evaluation
  - on-site annual audits of all the sites covered by the certification scope (including its own central administration function)
  - on-site audit of any new site prior to the certification body starting the process of the certification scope extension
- (k) operate a review of the central office and sites conformity, including review of results of the internal audits programme and certification body's evaluations and surveillance; shall establish corrective and preventive measures if required; and shall evaluate the effectiveness of corrective actions taken.

### **3.3 Function and responsibilities of sites**

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

- (a) implementation and maintenance of the chain of custody requirements in accordance with this standard
- (b) if separate administrative arrangements apply, entering into contractual relationship with the central office that includes compliance with the chain of custody requirements and other applicable certification requirements
- (c) responding effectively to all requests from the central office or certification body for relevant data, documentation or other information whether in connection with formal audits or reviews or otherwise
- (d) providing full co-operation and assistance in respect of the satisfactory completion of internal audits performed by the central office and audits performed by the certification body, including access to the sites installations
- (e) implementation of relevant corrective and preventive actions established by the central office.

#### 4. Scope of responsibilities for requirements of this standard implemented in the multi-site organisation

Standard requirements		Central office	Site
6.2	Requirements for chain of custody process – physical separation method		Yes
6.3	Requirements for chain of custody process – percentage based method		Yes
8	Minimum management system requirements		Yes
8.2	Responsibilities and authorities	Yes	Yes
8.2.1	General responsibilities	Yes	Yes
8.2.2	Responsibilities and authorities for chain of custody	Yes (for d and e)	Yes
8.3	Documented procedures	Yes (for a, e and f)	Yes
8.4	Record keeping	Yes (for f and g)	Yes
8.5	Resource management		Yes
8.5.1	Human resources / personnel	Yes (only for activities provided)	Yes
8.5.2	Technical facilities		Yes
8.6	Inspection and control	Yes	Yes
8.7	Complaints	Yes	Yes

## Appendix 3 Guidance on eligible inputs for claims, material category identification and due diligence requirements

### Informative

The Standards Reference Committee has provided this appendix as a guide to assist organisations in:

- (a) determining eligible inputs for AFS claims
- (b) identifying the material category for incoming materials
- (c) determining due diligence requirements for incoming materials.

Material	Forest based material				Other than forest based material
	Certified material		Other material		Neutral material
Material category	x% AFS certified	Recycled	AFS controlled source	No claim	No claim
Eligible input for “x% AFS certified” claim	Yes	Yes	Yes	Yes	Yes
Eligible input for “AFS controlled sources” claim	Yes	No	Yes	Yes	Yes
4 Identification of the material category	Yes	Yes	Yes	Yes	Yes
5.1 DDS general requirements	Yes	No	Yes	Yes	No
5.2 DDS gathering of information	Yes	No	Yes	Yes	No
5.3 Risk assessment	No	No	No	Yes	No
5.4 Substantiated comments or complaints	Yes	No	Yes	Yes	No
5.5 Management of significant risk supplies	No	No	No	Yes	No
5.6 No placement on the market	No	No	No	Yes	No

## Appendix 4 Requirements for certification bodies

### Normative

- 1 Certification bodies are third parties engaged by organisations to undertake site inspections. Certification bodies must meet the following requirements, which are derived from clause 5.2.6 of PEFC International Standard 2003:2012.
- 2 The certification body shall ensure that auditors demonstrate ability to apply knowledge and skills in the following areas:
  - (a) audit principles, procedures and techniques
  - (b) organisation situations, including organisation size, structure, functions and relationships, general business processes and related terminology and cultural and social customs, such as knowledge of the organisation's working language, to enable the auditor to comprehend the organisation's operational context
  - (c) applicable international legislation and country specific forest governance and law enforcement system relevant to forest based raw material procurement and avoidance of raw material from controversial sources, to enable the auditor to comprehend the organisation's contractual relationships with suppliers and evaluate the organisation's procedures for avoidance of raw material from controversial sources. Knowledge and understanding of this area shall cover:
    - contracts and agreements
    - forest governance and law enforcement system of countries of origin of the uncertified raw material
    - international treaties and conventions relating to forest products trade.
- 3 The certification body shall ensure that auditors demonstrate ability to apply terminology, knowledge, understanding and skills in the following areas of the chain of custody of forest based products:
  - (a) principles and requirements of the chain of custody standard,
  - (b) products, processes and practices in the specific sector, applied raw material flow, measurements and control measures,
  - (c) the application of management systems to forest based and related industries and interaction between their components,
  - (d) information systems and technology for, authorisation , security, distribution and control of documents, data and records,
  - (e) application of PEFC and other product labels and claims, and
  - (f) application of the measures to avoid procurement of raw material from controversial sources, including the relevant risk assessment methodology and indicators.
- 4 The certification body shall provide evidence of annual monitoring of chain of custody auditors applying methods such as audit witnessing, reviewing audit reports or client organisations' feedback, etc., based on the frequency of their use and the level of risk linked to their activities. In particular, the certification body shall review the competence of its personnel in the light of their performance in order to identify training needs.

**5 Audit team**

The audit team shall be comprised of by auditor(s) fulfilling the requirements defined in clause 2. In some cases technical experts may be required to support the required auditor competency in a particular technical area

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Australian Forestry Standard Limited is an accredited Standards Development Organisation and is a not-for-profit public company registered in July 2003. The company owns the standard development functions, maintains their currency and manages the mandatory revision process. The scope of the accreditation was “to develop Australian Standards for forest management for wood production and Australian Standards that are aligned with international benchmarks”. It owns two standards, AS 4708 Sustainable forest management and AS 4707 Chain of custody for forest products.

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