Chain of Custody Certification

FOR COMMUNITY FOREST ENTERPRISES

ANSAB
*Rich Biodiversity and
Prosperous Communities*

**ASIA NETWORK FOR SUSTAINABLE
AGRICULTURE AND BIORESOURCES (ANSAB)**

OTHER ANSAB RURAL DEVELOPMENT TOOLKITS IN THIS SERIES (2010)

BUSINESS PLANNING FOR COMMUNITY BASED NATURAL PRODUCT ENTERPRISES

This Toolkit offers skills, methods and tools with which the field facilitators can support rural people to prepare and implement the business plan for their enterprises. The purpose is to build the capacity of facilitators and enterprise leaders on how they can support a rigorous process of planning and successful operation of sustainable community-based natural product enterprises.

PARTICIPATORY BIODIVERSITY MONITORING IN COMMUNITY MANAGED FORESTS

This Toolkit provides methods and tools needed to generate useful data to periodically assess the biodiversity status and to track the impact of community based forest management on biodiversity. The purpose is to derive important lessons for improving management that promotes the conservation of biodiversity while maximizing the value of forest products and services.

ENTREPRENEURSHIP DEVELOPMENT OF NATURAL RESOURCES DEPENDENT COMMUNITIES

This Toolkit focuses on developing entrepreneurial skills and capacities of local communities, especially the poorest among them, to promote the development of sustainable community based natural product enterprises. The purpose is to provide guidance in developing and implementing programs on developing entrepreneurship skills and culture at the community level.

DEVELOPMENT AND MOBILIZATION OF LOCAL RESOURCE PERSONS

This Toolkit focuses on the process and methods of recruiting, training and mobilizing local resource persons (LRPs) so that development services could be more effectively delivered in rural settings through locally available human resource even beyond the termination of a development project.

MARKETING INFORMATION SYSTEM FOR NATURAL PRODUCTS

This Toolkit focuses on the process of setting up a marketing information system (MIS) program and the methods of collection, processing and dissemination of information on markets and marketing of natural products. The objective is to provide guidance in developing and implementing the MIS for natural products in order to enhance market transparency and good value chain governance.

CERTIFICATION OF COMMUNITY MANAGED FORESTS

This Toolkit focuses on group forest management certification. The major objective of the toolkit is to provide important methods and tools for developing and implementing the Forest Stewardship Council's (FSC) group forest management certification so that the communities achieve a position of getting recognition and rewards for their good practices, while conserving the forest and biodiversity.

PARTICIPATORY INVENTORY OF NON-TIMBER FOREST PRODUCTS

This Toolkit provides practical methods and tools to determine total stock and harvestable amount of the selected NTFPs and derive specific recommendations for forest management interventions. The objective is to provide participatory inventory method that provides a basis for sustainable forest management.

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Preface

Rural development presents an immense challenge both to theorists and practitioners in the field. Many rural development and conservation projects end up in utter frustration because they are not equipped with effective methods and tools. ANSAB itself has tried various approaches since its establishment in 1992. We have developed a practical combination of environmental, social and economic interventions that conserve biodiversity, create jobs and provide income for the rural poor in remote but resource-rich areas of Nepal. The encouraging outcomes of these interventions have led us to pursue the successful approaches over the past several years.

By 2009, we were able to organize and develop 393 enterprise-oriented community forest user groups and 1,166 economic entities, which generated US $6.82 million in annual total monetary benefits to 78,828 individuals and, at the same time, brought over 100,000 hectares of forests and meadows in Nepal Himalaya under improved community management. When applied properly under an enabling policy environment, this approach can transform rural poor women and men into well governed, organized entrepreneurs that are capable of accessing the market as well as essential business development services. By creating economic incentives to local stewards, the approach helps to reverse deforestation and enhance the stock of natural wealth for improved and sustained flow of ecosystem services and for climate change mitigation and adaptation. Building on these insights, we have been producing a number of manuals, toolkits,

and guidelines. This Rural Development Toolkit Series represents the continuation of our attempt to present our learning to a wide range of development practitioners. This Series consists of eight separate but interrelated toolkits. These toolkits offer practical guidance on the key methods and tools that were developed, tested and refined over the years by working with local communities, development partners and government agencies. These capture the experiential knowledge of dozens of people working for ANSAB and are published after a thorough field testing and peer review. These toolkits are primarily designed for field facilitators and managers of development and conservation programs who have some basic facilitation skills and experience of working with rural people. We are hopeful that the toolkits will prove useful to other rural development and conservation programs, and consequently, to a wider application of our fruitful approach. It is expected that users will adapt the methods and tools presented here to work in different social contexts.

This Toolkit "Chain of Custody Certification for Community Forest Enterprises" provides field practitioners and program managers with up to date methods, tools and techniques for obtaining and implementing the Forest Stewardship Council's (FSC) Group Chain of Custody certification. The purpose is to enable small companies and cooperatives promote their certified products in national and international markets and get rewarded. This toolkit is divided into 4 stages. A number of steps are suggested for each stage and a number of activities are

recommended for each step. Practical tools and considerations are provided along with activities when required.

We welcome suggestions and feedback from readers and users as we are very much keen on periodically updating the toolkits to make it more productive and useful.

Bhishma P. Subedi, PhD
Executive Director, ANSAB

ANSAB	**Asia Network for Sustainable Agriculture and Bioresources**
CAR	**Corrective action request**
CB	**Certification body**
COC	**Chain of custody**
CPC	**Central product classification**
DCS	**Documented control system**
DCSIB	**Department of Cottage and Small-scale Industries Board**
DOF	**Department of Forest**
FECOFUN	**Federation of Community Forestry Users, Nepal**
FHAN	**Federation of Handicraft Associations of Nepal**
FMU	**Forest management unit**
FSC	**Forest Stewardship Council**
Ha	**Hectare**
HANDPASS	**Handmade Paper Association of Nepal**
NEHHPA	**Nepal Herbs and Herbal Products Association**
NTFP	**Non-Timber Forest Product**
PAN	**Permanent Account Number**
Qty	**Quantity**
RA	**Rainforest Alliance**
SBTG	**Sustainable Bio Trade Group**
SGS	**Societe Generale de Surveillance**
SITC	**Standard International Trade Classification**
SW	**SmartWood**
VAT	**Value added tax**

Glossary

Certificate: A certificate issued byFSC accredited certification body, validating that a duly identified product, process or service is in conformity with a specific standard

Certification: A procedure by which a third party gives written assurance that a product, process or service conforms to specified standards

Certification body: An organization accredited by the FSC to undertake certification audits under its certification scheme.

Chain of custody: The path taken by raw materials, processed materials, finished products, and co-products from the forest to the consumer.

Claim period: A period of time which has been specified by the certification body for each product group for making a specific FSC claim.

Community based forest enterprise: An organized economic activity usually undertaken near the resource base and developed and operated by the members of local community.

Compliance: Fulfillment of specified requirements by an entity in regard to itsproducts, processes or services.

Controlled material: Virgin material originating in non-FSC certified forests or plantations from suppliers included in the verification program of organizations certified according to FSC-STD-40-005.

Conversion factor: The ratio between material quantity entering and leaving a given transformation process employed by the organization; it is calculated by dividing the output (volume or weight) by the input (volume or weight) and is applied to each individual component of a product group.

Corrective action request: The formal document, which details non-compliance with the requirements of the certification scheme and specifies actions that must be taken to achieve compliance.

Credit account: A record kept by a certified organization operating a credit system which lists entries and withdrawals of volume credits for the purpose of selling products with FSC claims.

Credit claim: Part of an FSC claim for FSC Mixed or FSC Recycled products which specifies that the full quantity can be used as FSC input or post-consumer input for subsequent calculations of input percentages or FSC credit; applicable claims are "FSC Mixed Credit" or "FSC Recycled Credit"

Credit system: A CoC system applied at the product group level which allows a proportion of outputs to be sold with a credit claim corresponding to the quantity of FSC and postconsumer inputs; considering the applicable conversion factor(s), FSC and post-consumer inputs can be accumulated as FSC credit on a credit account.

Criteria: A category of conditions or processes by which forest management can be assessed; a criterion is characterized by a set of related indicators which are monitored periodically.

Documented control system Member-specific procedures for handling and

tracking certified material

Facilitator: A person who supports the local community and other groups to conduct a specific activity or a range of activities primarily in reference to the objectives of a development program

Finished product: Product that requires no further transformation in terms of processing or packaging prior to its intended end use

FSC certified material: FSC Pure, FSC Mixed or FSC Recycled material that is supplied with an FSC claim by an organization which has been assessed by an FSC-accredited certification body for conformity with FSC Forest Management and/or CoC requirement.

FSC certified product: FSC certified material that is eligible to carry an FSC label and to be promoted with the FSC trademarks

FSC claim: Claim made on invoices for FSC-certified material or FSC Controlled Wood that specifies the material category and, for FSC Mixed and FSC Recycled products, an associated percentage claim or credit claim.

FSC credit: Amount of product (volume or weight) that can be sold from a product group with a credit claim;applicable only when using the credit system.

FSC input: Input of FSC certified virgin material that counts towards the input percentage or towards the FSC credit for a product group.

FSC label: Graphic design, consisting of the FSC Logo plus other required elements on

product uses of the FSC trademarks;labels may be included in printed packaging or marking attached or applied to a product.

FSC Mixed: FSC certified virgin material based on input from FSC-certified, controlled and/or reclaimed sources, and supplied with a percentage claim or credit claim; FSC Mixed material is only eligible to be used in FSC Mixed product groups

FSC principles and criteria: The principles and criteria set by the FSC that are used in the assessment and certification of forest managementstandards

FSC Pure: FSC certified virgin material originating in FSC certified forests or plantations that have not been mixed with material of another material category throughout the supply chain; FSC Pure products are eligible to be used in FSC Pure or FSC Mixed product groups

FSC Recycled: FSC certified reclaimed material based on exclusive input from reclaimed sources, and supplied with a percentage claim or credit claim; FSC Recycled material or products are eligible to be used in FSC Mixed or FSC Recycled product groups

FSC trademark license agreement: The legal document signed by the organization permitting use of the FSC trademarks (the "Licensed Material")

FSC trademarks: The trademarks of FSC; these include has three registered trademarks: a) the FSC "checkmark and tree" logo, b) the initials "FSC", and c) the name "Forest Stewardship Council."

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About this Toolkit

This toolkit on "Chain of Custody (CoC) certification for Community Forest Enterprises" has been developed in order to equip the readers with necessary procedures and tools to support small forest enterprises to have access to rewarding markets through a certification scheme. The enterprises involved in the processing and trading of forest products can have the opportunity to raise their revenue and profits if they get CoC certification and supply the certified products to markets that offer a premium price. This toolkit is based on the experiences of ANSAB and provides up to date procedures and tools for obtaining and implementing the CoC certification as per standards of Forest Stewardship Council (FSC). The CoC certification is a way for organizations to effectively control/track their processing/ handling system and show their customers the origin of the material in their products.

FSC certification of such management systems is designed to provide a credible guarantee to customers that products which are sold with a specified FSC certificate code are originating from well managed forests, controlled sources, reclaimed materials, or a mixture of these. The CoC certification thus facilitates the transparent flows of goods made from such materials through the supply chain.

Of various schemes of certification, this toolkit focuses on the FSC CoC certification scheme as it is widely regarded as the most credible scheme that ensures environmentally appropriate, socially beneficial and economically viable forest management systems and practices. Its standards are well recognized in the market and by international conservation

community. The process of certification involves initial investment and recurring costs that at times may not be cost efficient for small enterprises. Therefore, FSC has provided Group CoC certification, which was piloted in Nepal by ANSAB and its partners. This scheme certified the group of small forest based enterprises, companies and cooperatives under the single group certification and share their costs among the members of group organization to sustain the Group CoC certification.

OBJECTIVES OF THIS TOOLKIT

This toolkit aims to provide procedures, tools and activities for implementing the FSC Group CoC certification scheme and thereby to enable small companies and cooperatives promote their certified products in national and international markets. The specific objectives of this toolkit are:
- To increase the understanding on FSC CoC certification
- To provide the procedures, tools and activities for Group CoC certification
- To provide the guidelines for implementing Group CoC certification.

WHO IS THIS TOOLKIT FOR?

This toolkit is mainly intended for those facilitators and facilitating organizations that are planning to support small natural products enterprises to obtain CoC certification to provide a credible guarantee to customers that the products originate from well managed forests, controlled sources, reclaimed materials, or a mixture of these. Specifically this toolkit is useful for development organizations, forest management units (FMUs), small enterprises, primary processors, traders, contractors, researchers, and

others who wish to gain knowledge on CoC certification and to support small companies and cooperatives to have access to rewarding markets.

WHAT DOES THIS TOOLKIT CONTAIN?

This toolkit comprises four stages involved in the facilitation of a Group CoC certification program. Stage one presents steps and activities for conducting the feasibility of initiating a FSC Group CoC certification program and describes initial steps for the design of the program. The stage two provides orientation to potential enterprises on Group CoC certification standards, analyze the gaps and how to prepare for the Group Chain of CoC certification. Similarly, stage three contributes to enhances the capacity of group manager and group members to implement the Group CoC certification. And finally stage four presents on how to

arrange the third party verification and obtain certification that has to be prepared on the basis of the FSC CoC standards. In addition, each stage has been described comprehensively to make clearer for practitioners and facilitators.

In addition to this toolkit, the facilitators are advised to refer to (a) toolkit on "Sustainable Forest Management Certification in Community Forests" to facilitate a complete process of certification with sustainable forest management; (b) toolkit on "Participatory Inventory of Non-timber Forest Products" to determine the current stock and to offer prescriptions for the sustainable management of the forest resources; and (c) the toolkit on "Business Planning for Community Based Natural Products Enterprises" to select the most prominent products and facilitate marketing the products in rewarding markets.

| FIGURE 1: Framework of this toolkit

STAGE ONE: Understand the feasibility and scope of FSC Chain of Custody certification	STAGE TWO: Conduct orientation and gap analysis and prepare for CoC certification	STAGE THREE: Enhance the capacity of group manager and members	STAGE FOUR: Arrange third party assessment and audit
• Determine the feasibility of Group CoC certification	• Orient enterprises/ companies on Group CoC certification standards	• Develop group manager capacity to handle group certification	• Apply for Group CoC certification assessment
• Select the FSC-accredited certification body	• Analyze gaps and requirements for Group CoC certification	• Develop record keeping system/procedure for each member	• Arrange for Group CoC certification assessment
• Select the CoC certification type	• Develop Group CoC policy and select the group manager	• Strengthen documented control system for each member	• Train group members on FSC Trademarks use
• Review the standards and guidelines of Group CoC certification		• Implement the systems/ procedures developed	• Orient members about CARs and train to address CARs
			• Conduct internal audit
			• Arrange for annual surveillance audit

Stage One

Understand the Feasibility and Scope of FSC Chain of Custody Certification

Chain of Custody
Certification
for Community
Forest Enterprises

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The stage one of this toolkit provides methods, procedures and tools that allows the facilitator understand whether a Chain of Custody (CoC) certification under the Forest Stewardship Council (FSC) will be feasible in a given area and work out the preliminaries of such a program. This stage has four steps. The first step guides facilitator to determine the feasibility of a Group CoC certification program. The next step provides guide for selecting CoC certification body accredited by FSC. The third and fourth steps guide for selecting the CoC certification types and reviewing the standards, guidelines and policies of the Group CoC certification.

Thus, upon accomplishment of the activities of this stage,
• the prospects for group CoC certification is identified;
• appropriate FSC accredited certification body as well as certification type is selected; and
• standards and guidelines of group CoC certification are reviewed.

STEP 1: DETERMINE THE FEASIBILITY OF GROUP COC CERTIFICATION

At this step, the following activities are carried out:

1.1 Identify and consult the expert organizations and forest products traders

The facilitator needs to identify and review the expert organizations (governmental and non-governmental organizations, research organizations) and forest products traders in the area in which CoC certification is being considered. The facilitator has to consult with key personnel within these organizations regarding the potential economic, social and environmental advantages and costs involved in setting-up of a Group CoC certification program. The facilitator should also take up suggestions offered by them and know whether they are committed to support or participate in the CoC certification process.

1.2 List the FSC certified forest management units (FMU)

For CoC certification, it is necessary to know the source of forest products which must be certified. The facilitator needs to identify and list the FSC certified forest management units in consultation with government and non-government organizations working in forestry sector. But, if CoC certification is being considered together with Sustainable Forest Management (SFM) certification, the FMUs for both certification schemes can be same, and the FMU listing can be carried out in a single exercise.

FIGURE 1: Steps of Understanding the feasibility and scope of FSC Chain of Custody certification

Determine the feasibility of Group CoC certification

Select the FSC-accredited certification body

Select the CoC certification type

Review the standards and guidelines of Group CoC certification

1.3 Identify the forest based enterprises, companies or cooperatives

Next, the facilitator should develop the list and number of forest based enterprises, companies or cooperatives operating in the area. The facilitator then has to estimate the volume of the products these enterprises manufacture and sell annually, either by directly contacting these enterprises or from secondary sources. In addition, the existing management system of these enterprises is also documented.

For that purpose, the facilitator should visit and consult with CoC certified group organization if it already exists in the area (for example, Sustainable Bio Trade Group (SBTG) in case of Nepal). If there are no group organization or certified companies; facilitator has to:

- Consult with Department of Forest (DoF), Department of Cottage and Small Scale Industry Board (DCSIB) and Office of Company Registration. Large numbers of enterprises/companies for forest product processing and marketing may have been registered. But they all may not operate their businesses; therefore review only those enterprises/companies who are submitting their annual reports.
- Consult with the associations and federations of enterprises or traders. In case of Nepal, consult with Nepal Herbs and Herbal Products Association (NEHHPA), Handmade Paper Association of Nepal (HANDPASS), Federation of Handicraft Association of Nepal (FHAN) and Jadibuti Association of Nepal (JABAN).

- Based on their management status and annual turnover, identify the most potential enterprises, companies or cooperatives to be involved in CoC certification process.

STEP 2: SELECT THE FSC ACCREDITED CERTIFICATION BODY

The second step is to select the FSC-accredited certification body which will be suitable to work in the proposed CoC certification program. FSC has accredited a number of certification bodies (See Annex-1 for their list and contacts). Thus, the facilitator should support the enterprises/ companies to select the one from within them. The following are the main criteria that should be considered:

1) Credibility and acceptance in global market
2) Convenience for communication
3) Cost-effectiveness (fees and cost of certification)
4) Ease of access (e.g., situated at comparatively nearby place, with less money and time to travel)

In South Asia, two FSC-accredited certifying bodies are active: (a) Societe Generale de Surveillance (SGS) and (b) Rainforest Alliance (RA)/ SmartWood (SW). In the pilot certification program coordinated by ANSAB, RA/SW was selected due to its credibility and acceptance in the global market, convenience for communication and its location in a comparatively nearby place. RA/SW has Asia-Pacific Office in Bali, Indonesia which handles operations for South and South East Asia region.

BOX 1: Eligibility for group certification

For an organization/enterprise to apply for group certification, it must be set up as an independent legal entity. The following are the eligibility criteria for enterprises/companies to be included as group members in the group CoC certification:
- Having no more than 15 employees (including full time, part time, and seasonal staff), or
- Having no more than 25 employees and an annual turnover of US$1,000,000.
- Having all group members located in the same single country as the group entity.
- Having all members a formal written agreement with the group organization and be subject to continuous monitoring by the group organization.

STEP 3: SELECT A CHAIN OF CUSTODY CERTIFICATION TYPE

CoC certification can be conducted for a single company, multi-sites, or a group of small enterprises and companies. Therefore, facilitator should support enterprises to select one of the following CoC certification types that fits to their context:

- single CoC certification for big company and applicable to a single site;
- multi-site for the companies which have more than one site in the same country;
- group certification for small enterprises, companies or cooperatives working independently.

Thus the concerned enterprises, companies or cooperatives should finalize the certification type before they get involved in the certification program. Apparently, a Group CoC certification is the most appropriate for small enterprises. The eligibility criteria for these small enterprises are given in Box 1.

STEP 4: REVIEW THE STANDARDS AND GUIDELINES OF GROUP CoC CERTIFICATION

After identification of the CoC certification type, the facilitator and enterprise leaders have to review the standards, guidelines and policies developed by FSC or the selected certification body. Browse FSC website www.fsc.org and go through "FSC Policy Group CoC Certification. The review provides indication of what further activities will be essential for the CoC certification.

Stage Two

Conduct Orientation and Gap Analysis and Prepare for Chain of Custody Certification

The stage two of this toolkit provides methods, procedures and tools for the facilitator to conduct orientation on FSC CoC certification, analyze gaps, and subsequently prepare for carrying out CoC certification. It has three steps. At the first step, the facilitator provides the necessary orientation and training for the enterprises and companies on the standards and guidelines of Group CoC certification. At the second step, the facilitator assists them in analyzing the gaps to fulfill the requirements for Group CoC certification. At the third step, the facilitator supports the small enterprises to select their group manager from amongst the members and helps the group manager to formulate the Group CoC policy for group organization.

Thus having completed the activities outlined in the Stage two, the facilitator organization ensures that:

- enterprises and companies are trained on the standards of Group CoC certification;

- gaps are analyzed and the requirement for Group CoC certification are identified;
- group manager is selected; and
- group CoC policy is developed.

STEP 1: ORIENT ENTERPRISES/COMPANIES ON GROUP CHAIN OF CUSTODY CERTIFICATION STANDARDS

The facilitator has to provide orientation training to selected enterprises/companies on FSC Group CoC certification standards. The main contents for the orientation are:

- Introduction of FSC Group CoC certification
- Overview on Group CoC certification process
- Importance of Group CoC certification
- Step by step activities for getting involved in Group CoC certification.

The orientation sessions can be facilitated by expert members of the certification body, or a knowledgeable person from the facilitating organization, or a mix of them.

STEP 2: ANALYZE GAPS AND REQUIREMENTS FOR GROUP CHAIN OF CUSTODY CERTIFICATION

Based on standards and guidelines of Group CoC certification, the facilitator should analyze enterprise/company's system of handling materials. This includes all the steps from raw materials sourcing to final products shipping. In addition, the facilitator should also support enterprises/companies to develop a self evaluation check list against the steps and identify the gaps and requirements based on FSC standards.

FIGURE 2: **Steps of Conducting Orientation and Gap Analysis and Preparing for CoC Certification**

Orient enterprises/companies on Group CoC certification standards

Analyze gaps and requirements for Group CoC certification

Develop Group CoC policy and select the group manager

STEP 3: DEVELOP GROUP CHAIN OF CUSTODY POLICY AND SELECT GROUP MANAGER

In order to develop Group Chain of Custody policy, the facilitator needs to help the selected enterprises communicate with and consult FSC certification body or CoC certified group organization (if already available in the country) in order to receive Group CoC policy template. Then the following activities needs to be carried out:

3.1 Organize stakeholders' workshop

The facilitator has to host a workshop, in which it should ensure that the main stakeholders (representatives of expert organizations, certified group organization, facilitating organizations and authorized person of the selected enterprises/ companies) are able to participate. The workshop facilitator (from facilitating organization and/or certification body) makes the participants aware about the objectives, requirements and processes of Group CoC certification policy formulation.

In the workshop, the participants are asked to select a group of participants to draft the following three documents:
a) The Group Chain of Custody certification policy
b) Company's Documented Control System (DCS)
c) Employee/Contractor Procedural Manual

A. The Group Chain of Custody Certification Policy. The facilitator needs to assist the selected members to prepare (partly during the workshop and partly afterwards, depending upon the length of workshop itself) the Group CoC certification policy. A model of Group Chain of Custody policy for group organization developed by Sustainable BioTrade Group (SBTG) in support of ANSAB is presented in Annex 2.

B. Company's Documented Control System (DCS). The DCS is prepared in the same manner and procedure as was adopted for formulating the Group CoC policy (above). Please refer to the template of DCS developed by SBTG and ANSAB (see Box 2).

C. Employee/Contractor Procedural Manual. The Employee/Contractor Procedural Manual is prepared in the same manner and procedure as was adopted for formulating the Group CoC policy (above). Please refer to the template of Employee/ Contractor Procedural Manual developed by SBTG and ANSAB (see Box 3).

3.2 Organize follow up workshop

The follow up workshop is held mainly to finalize the three documents drafted during and after the previous workshop: (a) Group CoC certification policy, (b) Company's Documented Control System (DCS), and (c) Employee/Contractor Procedural Manual. The participants of the previous workshop and few other participants (if needed) are invited to the follow up workshop. The workshop participants are asked to:
• discuss the draft of Group CoC policy:
  - discuss and revise some irrelevant points from the draft; and
  - customize them according to the group needs and FSC requirements

Company Letterhead
Company SmartWood/ SBTG Chain of Custody Documented Control System
[Company]
[Location]
[Certification contact]

1. Purchasing and Receiving
A. Procedures for purchasing FSC certified material
All purchase orders for FSC certified products will specifically identify the certified product to be provided and will request that the supplier provide their FSC certification number on the transportation documents, harvesting permits, receipts, payment invoices and on product packaging, binding or container.

B. Procedures for verifying the FSC certified status of material purchased
Harvesters' tally sheet and/or receipt identifies the FSC certified community forest land, harvesters name, community forest user group and the date it was delivered to the processing plant. The FSC certification code number will be required on all delivery documents.

C. Procedures for maintaining the separate identity of certified materials upon receiving
At delivery, all certified products will be given a physical mark (single colored ribbon, cloth or paint) and will be placed in separate area marked "FSC certified only".

D. Procedures for recording quantities of certified materials received
A record book of certified purchases will be kept. The book will state harvester, com-munity forest user groups, community forest, product, quantity and species.

For purposes of tracking, the system is able to summarize all certified products received by species over a specified date range.

E. Responsible personnel for purchasing and receiving
- The receiving clerk is responsible for all certified product deliveries including weights and measures,
- The general manager is responsible for purchasing contracts,
- The office manager is responsible for recording delivery information and maintenance of inventory records,

F. Forms/records used for purchasing and receiving
Forms used in certified products purchasing and tracking are: Purchase contract, delivery tickets, periodic (monthly/weekly) record of purchased product receipts, product Inventory ledger. All appropriate documents will contain the FSC certification code number.

2. Production
A. Procedures for separate production and identity of certified material
- All certified products will be run in separate batches,

Template of Company's CoC Documented Control System... Contd..

- Non-certified products will be cleared from the production area prior to the certified run,
- Certified products will be identified by a color-coded ribbon (mark, pallet, barrel, basket, etc.) throughout the process.

B. Procedures for tracking certified materials within production
- The production supervisor will note "certified" on the daily production report and note the concurrent production of certified material,
- At the end of the certified run, the manufactured product to be kept as certified will be visually marked. A color-coded production card indicating date of manufacture, species, etc., and the certified status, will be affixed to the product.

C. Responsible personnel for production
The production supervisor is responsible for identifying the raw material as certified, noting certified on the daily production report, for insuring the processing plant is cleared of non-certified materials and that all certified products are labeled as such.

D. Forms/records used for production
- The daily production report is labeled as certified,
- The weekly/monthly production report will show certified products as separate entries,
- The inventory report will show certified products as separate categories.

3. Finished Product Handling and Sales
A. Procedures for maintaining the separate identity of finished certified products
Products sold as certified will be labeled with the processor's name, the FSC logo and FSC Certification code number.

B. Procedures for recording quantities of finished certified products in inventory and sales
FSC certified product sales are recorded separately in the company sales reports. They will be available in summary format by species and customer. Only customers requiring certified number will be reported.

C. Procedures for invoicing and shipping of FSC certified products
All invoice and transportation documents for certified materials will include FSC Certification code and certified status of each product. Invoices, as usual, will include species, quantities and product numbers.

D. Responsible personnel for finished product handling and sales
- The sales manager is responsible for certified sales and will record the certified products sold for each order,
- The shipping clerk will be responsible for verifying the certified products making up the certified order and recording those on the transportation document,
- The office manager will insure invoices are stamped as certified and documents for certified sales are kept together,
- The accounting clerk will enter all of the sales data into a sales ledger by date

Template of Company's CoC Documented Control System... Contd..

sold, date shipped, purchasing company (companies FSC code, if applicable), transporter, product, species and quantity.

E. Forms/records used for finished product handling and sales
- Sales invoices will show certified products and status,
- Customer orders will show certified products supplied,
- Transportation documents will show products and certified status.

4. Labeling/Logo Use
A. Types of labels or other marks that will be used on finished certified products

Certified products will be marked with the FSC logo and the FSC certification code. Color-coded labels will be stapled to the products as well and show certified status, FSC certification code, and species information.

B. Procedures for use of the certification body and/or FSC logos
The design of labels, websites, brochures and other uses of the FSC logo will be submitted to certification body for approval prior to their use.

C. Responsible personnel for labels and logo use
The general manager is responsible for all label/logo approval.

5. Record Keeping
A. Procedures for maintaining records pertaining to certification
All records for certified product purchases, production, sales, and public information will be kept in the files for a period of five years.

B. Procedures for compiling annual audit data for Certification body auditors
Summaries will be prepared for certified product purchases, inventory, and sales for SW /SBTG

- Seek group consensus to finalize the Group CoC certification policy and guidelines.
- Finalize the enterprise/companies Chain of Custody documented control system and employee /contractor procedural manual.

After the finalization of the three documents, the group members will be asked to select a group manager from within themselves. The facilitators and expert participants need to support the group members with their opinions, but without undue influence and intervention.

BOX 3: Template for Employee/Contractor Procedure Manual

■ **Receiving Raw Material**

A. Handling steps

1) Products arrive from the certified forest. The transportation/harvest document is checked by the receiving person to make sure that it has the FSC certification code,
2) Products are given color-coded tags green ribbon to designate it as certified,
3) Products are put in the FSC certified designated storage area,
4) The inputs are recorded on a tally sheet and sent to the office.

B. Documents

1) Transportation/harvesting documents with FSC code,
2) Color-coded tag,
3) Raw material tally sheet,
4) General ledger shows inputs.

■ **Production/Processing**

A. Handling steps

1) All non certified materials are purged from the processing area,
2) Certified material is brought to the processing area,
3) The production supervisor tallies the materials to be processed,
4) The materials go from one point to another point in color-coded containers,

5) The materials are tracked through the process by processing documents,
6) The manufactured product is tallied.

B. Documents

1) Tallies for each stage of production.

■ **Storage/ Shipping**

A. Handling steps

1) Final FSC products have the FSC/Certification body trademarks and certification code put on labels,
2) They are also identified with a color-coded work order,
3) They are put in FSC certified designated storage area,
4) The finished product tallies are recorded and sent to the office,
5) The sales produce transportation documents and invoices using the FSC code.

B. Documents

1) Work order,
2) Tallies,
3) General ledger showing the sales,
4) Invoice,
5) Transportation documents

Stage Three

Enhance the Capacity of Group Manager and Members

The Stage Three of this toolkit provides procedures and tools about how the facilitator supports the group manager and members involved in FSC CoC certification program for their capacity development. This stage consists of four steps. Step one helps through developing the capacity of group manager to handle group certification. Step two guides on how to develop the procedures/ system for handling and record keeping for members of group organization. Similarly, step three explains with illustrations for developing the documented control system for each member. And finally, step four provides the detailed procedure to implement the system in group organization and members.

Thus upon completion of the steps and activities of this stage,

- Capacity of group manager to handle group certification is enhanced;
- Record keeping system and documented control system for each member are developed; and
- The developed systems are implemented by the group manager and the members.

FIGURE 3: Enhance the capacity of group manager and members

Develop group manager capacity to handle group certification

Develop record keeping system/ procedure for each member

Strengthen documented control system for each member

Implement the systems/ procedures developed

STEP 1: DEVELOP GROUP MANAGER CAPACITY TO HANDLE GROUP CERTIFICATION

The first step of the stage three of this toolkit concerns with how the facilitator supports the capacity development of the group manager of a Group CoC certification scheme. Success of the scheme largely depends upon the understanding, motivation and commitment of group manager. It has an important role in communication and coordination with certification body and among the members. The group manager should also have constant updates on FSC certification standards (for example, it should follow FSC-STD-40-004 standard for the assessment of the members).

First, the group manager should appoint a contact person who will be responsible for all the certification-related issues of the group organization and for communication with certification body. The facilitator should provide training/orientation to the facilitator in coordination with certification body, and subsequently provide training and hands-on support to the group manager and the contact person on the following aspects:

- communication of certification related activities and procedure such as record keeping, promotional materials, logo use, and annual audit;
- training to concerned staff in member companies on handling (raw material purchase, processing, manufacturing and selling) of FSC certified products;
- development of the conversion factors for all the members for the inputs vs. output ratio of FSC certified products with well defined methodology;

- development of product code for each of the certified products for member companies with all the ingredient and processing procedure and use of input agents, certified raw material and non-certified raw material (if any);
- assessment and internal audits of member companies and instructions for any corrective action requests (CAR);
- Handling the membership of the group—such as inviting new members, or withholding or removing any members from the group.

STEP 2: DEVELOP RECORD KEEPING SYSTEM/PROCEDURE FOR EACH MEMBER

At the second step, the facilitator should assist the group manager and the contact person in developing:

- the basic formats for each member for the record keeping (related to purchase order, raw materials store, production, certified products store, certified products sales, invoices for certified product). The members should have such record to handle FSC Chain of Custody certification; and
- the register for member companies and maintaining register for each of the steps from raw materials sourcing (purchase order) to shipping of the products. Record should be kept for at least five years.

STEP 3: STRENGTHEN DOCUMENTED CONTROL SYSTEM FOR EACH MEMBER

It is mandatory for all members of group organization to develop documented control system (DCS) in the company. The DCS standardizes the handling procedure and record keeping of each stage of production flow from raw materials sourcing to final shipping in order to maintain integrity of certified product

processing, manufacturing and marketing. While developing systems, the segregation of work is important and individual staff has to be assigned. Senior management team of each company makes decision on the DCS and makes a plan for enforcement and monitoring. The facilitator and group manager should support the group members to:

- apply self-assessment exercise so that they know what system they need to develop in the DCS of the company; and
- to specify in the DCS the handling procedure for raw materials sourcing, raw materials storage, processing at each of the stages and sales.

This step requires two types of training for the staffs of group manager and members.

3.1 Train staffs on record keeping system/documentation for each handling steps

The facilitator and group manager/contact person should train the concerned staffs of group manager as well as group members on record keeping on a hands-on basis:

- handling of certified products in practice; and
- implementation of FSC Chain of Custody standard.

3.2 Train staffs on production and marketing of FSC certified products

The facilitator and the group manager should also train the staffs on group CoC procedures prior to the group assessment and audit so that the later understand their role in meeting the FSC standard. Staff training should include:

- Overview of forest certification and its importance, in depth discussion of FSC standard, policies and guidelines
- Introduction of the DCS of the company
- Orientation on responsibilities of staff

designated for various roles (segregation of materials, tracking documents, physical identification, labeling and record keeping etc.)

STEP 4: IMPLEMENT THE SYSTEMS/ PROCEDURES DEVELOPED

The fourth and final step of the stage three of this toolkit allows the facilitator support implementation of the FSC CoC system and procedures. Group manager has to implement the procedures as per the DCS. Main activities of implementation are:

- define all the systems (handling, record keeping) in the operation;
- assign staffs of group members for the related activities; and
- If any difficulties arise in implementation, revise the DCS with consent of group manager and in consultation with expert organization before making any change in practice. The change however should be in line with the FSC CoC requirements and FSC standards. There are two important parts of the CoC certification requirements:

  - Handling of FSC certified materials (purchasing, processing, storage and sales)
  - Record keeping of each step
- Verify the status of certified materials in documents (invoice, transport document) and the material for manufacturing, assembling, and distribution;
- Request the suppliers to physically mark the certified material from non-certified materials using FSC label or color code so that they are visually distinguished. This can be done with a color coded inventory label or a color mark;
- Store certified materials separately in the designated area after receiving delivery. The area needs to be clearly marked for the purpose of certified products. To overcome difficulties of space, temporary space by developing movable signs and ribbon or rope can be used.

Box 4 shows the steps that are crucial in the implemention of the systems/procedures. The needed formats are presented in Annex 9-13 and Annex 15.

BOX 4: Important steps while implementing the systems or procedures developed

1. Establish FSC product groups for all products to be sold with FSC claims and maintain up-to-date and publicly available FSC product group list with the following information:
- Specification of the product group as FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled material;
- Product type(s) according to the FSC product classification;
- Species as inputs to the product group.

The group organization must specify for each product group:
- The material categories used as input;
- The control system used for making FSC claims:
  o Transfer system;
  o Percentage system; or,
  o Credit system;
- The sites involved in management, production, storage, sale, etc.
2. Establish and maintain up-to-date record

BOX 4: Important steps while implementing the systems or procedures developed

of all suppliers who are supplying material used for FSC product groups including:
- The supplied product type;
- The supplied material category;
- The supplier's FSC Chain of Custody, if applicable.

3. Ensure that inputs used for FSC product groups remain clearly identifiable and separable by product group.
4. Identify the main processing steps involving a change of material volume or weight and specify the conversion factor(s) for each processing step or, if not feasible, for the total processing steps.
5. Specify the methodology for calculating the conversion factor(s) and ensure that conversion factors are kept up to date.
6. Prepare annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows:
- Inputs received;
- Inputs used for production (if applicable);
- Inputs still in stock;
- Outputs still in stock;
- Outputs sold

7. Determine for each claim period or job order the appropriate FSC claim according to one of the following control systems specified for the product group:
- Transfer system applicable to all product groups;
- Percentage system applicable to FSC Mixed and FSC Recycled product groups;
- Credit system applicable to FSC Mixed and FSC Recycled product groups.

For each product group the organizations should carry out calculations of input percentages (under a percentage system) or FSC credit (under a credit system) at the level of a single site.

8. Ensure that all invoices issued for outputs sold with FSC claims include the following information:
- Name and contact details of the organization;
- Name and address of the customer;
- Date when the document was issued;
- Description of the product;
- Quantity of the products sold;
- The organization's FSC Chain of Custody;
- Clear indication of the FSC claim for each product item or the total products as follows:
  - The claim "FSC Pure" for products from FSC Pure product groups;
  - The claim "FSC Mixed x%" for products from FSC Mixed product groups under a percentage system;
  - The claim "FSC Mixed Credit" for products from FSC Mixed product groups under a credit system;
  - The claim "FSC Recycled x%" for products from FSC Recycled product groups under a percentage system;
  - The claim "FSC Recycled Credit" for products from FSC Recycled product groups under a credit system;
  - The claim "FSC Controlled Material" for products from FSC Mixed product groups that will not be sold as FSC certified.

Stage Four

Arrange Third Party Assessment and Audit

Stage four of this toolkit guides the facilitator and the group manager of a FSC Group CoC certification program to arrange third party assessment and audit for the first time and on a continuous basis. It has six steps. It starts with making a formal application for Group CoC certification's verification and assessment. The second step mentions how the group manager should help the certification body for Group CoC assessment. The third and fourth steps concerns with the procedure for the use of FSC trademark and to orient the members about CARs assigned by the auditor/assessor. Finally, the remaining steps guide the preparation of the internal audit and the arrangement for annual audit.

Upon the accomplishment of the activities of this stage, the group manager and/or group members will:
- obtain Group CoC certification;

FIGURE 4: Arrange third party assessment and audit

- Apply for Group CoC certification assessment
- Arrange for Group CoC certification assessment
- Train group members on FSC Trademarks use
- Orient members about CARs and train to address CARs
- Conduct internal audit
- Arrange for annual surveillance audit
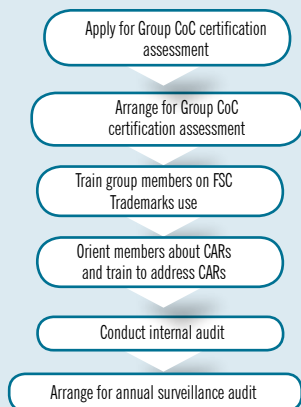
BOX 5: Pre-requisite for Group Chain of Custody certification

Before applying for Group Chain of Custody certification:
- Group organization should have designated the person(s) that will function as the group manager.
- Group Manager should have prepared clear and robust procedures for its management of the group certification.
- Each member should have a complete documented control system of its procedures for complying with all applicable Chain of Custody requirements.
- Each member should sign a consent form that agrees to the requirements and responsibilities of group membership, agrees to membership for the full certification period, agrees to comply with all applicable Chain of Custody standard requirements, and authorizes the group organization to apply for certification on the member's behalf.
- Group manager should have gathered all necessary materials to provide to participating sites.
- Prior to including members in the group certificate, the group manager should conduct initial audits of each member. This requirement applies during Certification body certification assessments such that members are not considered part of the certificate scope upon award of certification unless initial audits have taken place by the group manager.

- use FSC trademarks in their certified products;
- address the CARs assigned by the auditor/assessors;
- conduct internal audit; and
- develop and implement action plan.

STEP 1: APPLY FOR GROUP CHAIN OF CUSTODY CERTIFICATION ASSESSMENT

The first step to achieve the third party assessment and audit is to make a formal application to the certification body regarding the intention of Group CoC certification. The facilitating organization should encourage the group manager to verify that pre-requisite for Group CoC certification are completed and in place. The Box 5 provides a checklist of the pre-requisites for the verification prior to making the formal application.

The facilitator then have to support group manager to contact the certification body. The contact can be made either via application or enquiry. The support from facilitator is also important in filling the set of questionnaire required by the certification body.

The budget proposal sent by the certification body for the assessment has to be reviewed before finalizing, in consultation with the facilitator. Negotiation on the budget can be proposed with the certification body. Finally, approval of the budget can be made via a signed service agreement which has to be sent to the certification body to commence the certification process. The group manager then should receive a certification schedule from the certification body.

STEP 2: ARRANGE FOR GROUP CHAIN OF CUSTODY CERTIFICATION ASSESSMENT

In the second step, the group manager needs to convey the CoC certification assessment schedule recived from the certification body to group members. The manager should send the confirmation of the assessment schedule to the certification body in consultation with group members and has to assist the certification body for sites visit. Finally, the group manager has to submit the documents to auditor/assessor as per their requirements. After that, the the group manager will be required to do the following:

- Review the Group CoC certification assessment report prepared by the auditor/assessor and provide with comments and suggestions as appropriate;
- Receive the final approved Group CoC certification assessment report from certification body;
- Upon receipt, review the certification agreement and FSC trademark license agreement in consultation with facilitating organization;
- Send the signed copies of the certification agreement and FSC trademark license agreement to the certification body. (After that the Group CoC certification is awarded by the certification body and FSC trademark brand packs are available for use by the group manager and members)
- Provide the group members with FSC CoC certification code and sub-codes (For example a Certification body (CB) would issue the following certificates: CB-COC-00XXXX-A, CB-COC-00XXXX-AA etc.).

The validity of the Group CoC certification lasts five years subject to annual audit. The reassessment for the Group CoC can be conducted before or after the expiry of the certification as agreed by the certification body and the group manager.

STEP 3: TRAIN GROUP MEMBERS ON FSC TRADEMARKS USE

The next step is to train group members

on the proper use of the FSC trademark brand packs received from the certification body. The training should provide detailed interpretation and clarification to the group members on: (a) the ground rules for using FSC trademarks, (b) FSC label categories, and (c) graphic rules for the labels. The training should cover a clarification on overall standard for using FSC trademarks on FSC certified products and for promotional use. Box 6 below provides the ground rules for using the FSC trademarks. These should however be checked with the certification body for updated rules, so that a latest rule is adopted.

BOX 6: Ground rules for using FSC trademarks

Ground rules for using the FSC trademarks:
- FSC owns three registered trademarks: the FSC "checkmark and tree" logo, the initials "FSC" and the name "Forest Stewardship Council".
- FSC trademarks should not be used in a way that could cause confusion, misinterpretation or loss of credibility to the FSC certification scheme.
- The products which are intended to be labeled or promoted as FSC certified should be included in the organization's certified product group schedule and should meet the eligibility requirements for labeling as stipulated by the respective FSC standard.
- Only the FSC label artwork provided on the label generator or otherwise issued or approved by the certification body or FSC should be used.
- If the organization/member wishes to include more information about FSC in any materials, this should be approved by the certification body.
- FSC trademarks should not be used in product brand names, company names or website domain names.
- The name "Forest Stewardship Council" should not be translated.

BOX 7: FSC label categories

FSC label categories:
- 100% label for products containing 100% material from FSC certified forests. The label text is "[Product type] from well-managed forests".
- Mix label for products containing a combination of material from FSC certified forests, FSC controlled wood and eligible recycled fiber. The label text is "[Product type] from responsible sources".
- Recycled label for products containing only recycled fiber. The label text is "[Product type] made from recycled material".

Note: The use of FSC labels here is for non-profit, educational purposes only.

BOX 8: Graphic rules for FSC labels

Graphic rules for FSC labels
Positive green is the standard preferred color. Negative green and black and white (positive or negative) may be used as an alternative. The font used for labels is Arial Unicode MS.

Note: The use of FSC labels here is for non-profit, educational purposes only.

Similarly, the training should identify the categories of FSC labels and allow participants choose the correct label on the basis of the claim with which the product or material has been supplied. Box 7 provides the categories presently in use and their basic interpretation.

Further, the graphic rules for the use of labels should be clarified in the training. Box 8 provides the basics of the graphic rules. The graphic design and the FSC labels can be used in the FSC certified products and for promotional use.

Finally, the group manager should carry out the following activities in regard to the use and administration of FSC trademark labels.
- Send the FSC labels templates to the certification body for their review and approval via e-mail.
- After the review and approval of the FSC label, print the approved FSC label

in the targeted FSC certified products and also for promotional use.
- Keep the record of FSC label approval from the certification body.
- Train group member on the importance of FSC label use and rules for using FSC labels in FSC certified products as well as promotional materials. Keep records of the training.

The group manager should have control over the use of FSC labels and getting approval for use from certification body. But if any complexity arises on the FSC label use and communication with the certification body, facilitating organization should support to resolve the issue.

STEP 4: ORIENT MEMBERS ABOUT CARS AND TRAIN TO ADDRESS CARS

The fourth step involves orienting group organization and members about the corrective action requests (CARs) and on how to address them. The CARs are

assigned upon the non- compliance of the FSC Group CoC standards and they may be minor and/or major. Failure to address the minor CARs turns out to be the major CARs. The group manager is solely responsible to orient members about CARs and to address the CARs, but may receive certain support from the facilitating organization as needed.

4.1 Review of CARs

The facilitator and group manager review the CAR provided by auditors/ assessors. With this, the nature and degree of corrective actions become known.

4.2 Facilitate and support to address the CARs
a) Support to develop action plan

The facilitator should support group manager and group members to develop detailed action plan for addressing the CARs. The action plan should clearly indicate each activity with when and where to be done and who are responsible.

b) Provide facilitation and technical support

The facilitator then provides technical support for implementation of the CARs, if needed. This include the support to group manager (e.g., to improve system and practice) or to group member by itself and via group manager. This support must be provided to group manager and members until they can address CARs themselves.

STEP 5: CONDUCT INTERNAL AUDIT

The next step is for the group manager to conduct periodic internal audit of the members against the DCS and the FSC Group CoC standards, policy and guidelines. Each of the members should have internal audit to verify their

compliances. If the group manager finds within a member a failure to comply with FSC standards, policy and guidelines, it suggests the member to conform as per the DCS. The group manager also prepares the internal audit report and submits it to the auditor/assessor at the time of annual audit.

STEP 6: ARRANGE ANNUAL SURVEILLANCE AUDIT

The final step is to arrange annual surveillance audit. The certification body conducts annual audits. Firstly, the certification body informs the group manager about the annual audits. After the response from group manager, the certification body sends the budget for approval. The group organization then sends the payment in favor of the certification body. Finally, the certification body informs about the audit schedule to the group manager.

The group manager is responsible for assisting the certification body in the planning for visiting sites and for providing the necessary information. The group manager collects annual audit data from members for the review by auditor/ assessor. This includes compiling records of internal audits as well as summarizing certified product volume data for certified materials purchased, inventory, and materials sold. The group manager should also provide with the lists of certified members who supply certified materials, FSC product groups, product supplier's lists, conversion factors, member fact sheet and lists of focal persons for handling and record keeping of certified products. [The templates are presented in Annex 9-16.]

Annex 1: List of FSC accreditated certifying bodies

SN	CERTIFICATION BODIES	ADDRESS	SCOPE OF ACCREDITATION
1.	Bureau Veritas Certification (BV) (former BVQI-Eurocertifor)	60 avenue du Général de Gaulle – Puteaux 92046 Paris La Défense Cedex, France Tel: + 33 1 41 97 58 16 Fax: + 33 1 41 97 02 04 Website: www.certification.bureauveritas.fr	Worldwide for Forest Management and Chain of Custody certification
2.	Control Union Certifications B.V. (CU) (former SKAL International)	P.O. Box 161, Zwolle AD 8000 The Netherlands Tel: + 31 38 426 01 00 Fax: + 31 38 423 70 40 Website: www.controlunion.com	Worldwide for Forest Management and Chain of Custody certification
3.	Det Norske Veritas Certification AB (DNV)	Box 6046, 171 06 SOLNA, Sweden Tel.: +468 587 9400-0 Fax: +468 651 7043 Website: www.detnorskeveritas.se	Worldwide for Chain of Custody certification and FSC accreditation for Forest Management limited to Sweden
4.	Forest Certification LLC (FC)	Yangelya Str.,Building 12, Office 25, Bratsk City, Irkutsk Region 665717 Russia Tel: +7-3953-45-12-78 Fax: +7-3953-45-12-78 Website: www.fcert.ru	FSC Forest Management and Chain of Custody certification in the common wealth of independent states countries excluding the certification of SLIMF operations
5.	GFA Consulting Group GmbH (GFA)	Eulenkrugstrasse 82, 22359 Hamburg, Germany Tel: + 49 40 6030 6140 Fax: + 49 40 6030 6149 Website: www.gfa-certification.de	Worldwide for Forest Management and Chain of Custody certification
6.	ICILA Srl. (ICILA)	Piazzale Giotto 1, Lissone (Milano), I-20035 Italy Tel: + 39 039 3300 232 ext. 203 Fax: + 39 039 3300 230 Website: www.icila.org	Worldwide for Chain of Custody certification and FSC accreditation for Forest Management limited to Italy
7.	Institut für Marktökologie (IMO)	Weststr. 51, Weinfelden CH-8570 certification in Chile, as of 16th May 2008. Switzerland Tel: + 41 71 626 0 628 Fax: + 41 71 626 0 623 Website: www.imo.ch	Worldwide for Forest Management, FSC Controlled Wood and Chain of Custody certification
8.	KPMG Forest Certification Services Inc. (KF)	Box 10426, 777 Dunsmuir Street, Vancouver BC V7Y 1K3 Canada Tel: + 1 604-691-3495 Fax: + 1 604 691-3031 Website: www.kpmg.ca	Worldwide for Forest Management and Chain of Custody certification

SN	NAME OF CBS	ADDRESS	SCOPE OF ACCREDITATION
9.	QMI-SAI Global Assurance Services (QMI)	20 Carlson Court, Suite 100, Toronto , Ontario M9W 7K6 Canada Tel: +1 (514) 428-2438 Fax: +1 (514) 694-697 Website: www.qmi.com	Worldwide for Forest Management, FSC Controlled Wood and Chain of Custody certification
10.	Scientific Certification Systems (SCS)	2200 Powell Street, Suite 725, Emeryville California 94608 USA Tel: + 1 510 452 8007 Fax: + 1510454528001 Website: www.scscertified.com	Worldwide for Forest Management, FSC Controlled Wood and Chain of Custody certification (except in people's republic of china for COC certification)
11.	Qualifor, SGS South Africa (SGS)	58 Melville Road, Booysen, PO Box 82582, Southdale, 2135 South Africa Tel: +27 (0)11 6812500 Fax: +27 (0)116812543 Website: www.qualifor.sgs.com	Worldwide for Forest Management, FSC Controlled Wood and Chain of Custody certification
12.	SmartWood, Rainforest Alliance (SW)	Goodwin-Baker Building, 65 Millet Street, Suite 201, Richmond, Vermont 05477, United States Tel: + 1 802 434 8711 Fax: + 1 802 4343116 Website: www.rainforest-alliance.org	Worldwide for Forest Management, FSC Controlled Wood and Chain of Custody certification
13.	Soil Association Woodmark (SA)	South Plaza, Marlborough Street, Bristol BS1 3NX United Kingdom Tel: + 44 (0)117 914 2435 Fax: + 44 (0)117 3145001 Website: www.soilassociation.org/forestry	Worldwide for Forest Management, FSC Controlled Wood and Chain of Custody certification
14.	Swiss Association for Quality and Management Systems (SQS)	Bernstrasse 103. P.O Box 686, Zollikofen, CH-3052 Switzerland Tel: + 41 31 910 35 35 Fax: + 41 31 910 35 45 Website: www.sqs.ch	Worldwide for Forest Management and Chain of Custody certification

PREAMBLE

Whereas the Chain of Custody policy of SBTG-2010 is formulated in the spirit of ensuring the rights of local communities on the resources; contributing to manage forest in sustainable basis; to maintain quality and integrity while operating business and enterprise (identification of the resources, collection, protection, and processing and semi-processing); promoting responsible business practices at national and international level through certification process.

CHAPTER 1

Vision: International trade promotion through sustainable resource management and responsible business practices

Mission: The resources originated from good forest management practices of local communities process locally and promote national and international market through combined efforts

CHAPTER 2

Requirements to be a member of the certified group/ SBTG

To enter the "SBTG" we ask that you:

- Acknowledge your acceptance of these terms and conditions of being a member of the certified group by signing this document.
- Operate in conformance with the Certification body/ SBTG Chain of Custody guidelines.
- Develop a Documented Control System and procedures document according to the outline provided by the Group Manager of the "SBTG".

- Adhere to the Documented Control System approved by the Group Manager.
- Allow the Group Manager and/or the Certification body certification auditors to visit your business to review your certified product control practices and review documents pertaining to the purchases, processing, storage, sales and shipping during the certification period with due notice.
- Comply with Corrective Action Request by the Group Manager and/or Certification body.
- Notify the organization if there are any changes in the ownership or management of your business during the certification period.
- Pay a membership fee of Rs 1000 annually.

Leaving the certified Group of "SBTG"

Leaving the group of Chain of Custody certified businesses will be precipitated if you:

- Request that you be removed from the "SBTG" giving 30 days notice (it is a voluntary program).
- Do not comply with the Certification body/ SBTG Chain of Custody guidelines.
- Do not comply with Corrective Action Requests requested by Certification body/ "SBTG".
- Refuse to allow the Group Manager and/or Certification body access to your business for auditing or monitoring.
- Sell the business and the new owners do not want to remain a member.
- Do not pay your membership fee.
- Do not purchase or sale certified products.

Responsibilities of the Member Businesses and Group Manager in the SBTG

Member business responsibilities
- Follow the Certification body/ SBTG Chain of Custody guidelines and procedures.
- Follow the Documented Control System and procedures developed for your business.
- Train your employees and contractors about the certification procedures.
- Provide an annual summary of certified material purchases and product sales to the Group Manager at the time of the Certification body annual audit.
- Allow the Group Manager and Certification body to audit your business.
- Communicate any issues to the Group Manager regarding certification procedures.
- Communicate any changes in the management or ownership of your business.

Group Manager's responsibilities
- Provide an orientation/training to members on FSC certification including:
- The complete Chain of Custody standards as provided by Certification body,
- An overview of FSC Chain of Custody certification,
- The FSC Chain of Custody certification process,
- Explanation of assessment and annual audit information that is verified by Certification body,
- FSC requirements regarding use of their name and trademark in public information.
- Provide members with the Group Manager Procedural Document,

- Provide a Documented Control System and certification procedures template for you to develop,
- Monitor your business annually for maintaining consistency in certification procedures,
- Represent the members as the contact for communications and certification issues with the Certification body and the FSC,
- Maintain the records of the Group,
- Communicate changes to the members in FSC requirements,
- Notify you of any changes the group's or individual member's certification status.

[ ] Yes, I agree to the above requirements and want to be included group of Chain of Custody certified businesses.

[ ] No, I do not want to be included.

[ ] I have questions and want further discussions.

Name: _____

Address: _____

Tel: _____

Fax: _____

E-mail: _____

Signature   Signature
_____   _____
Member Business   Group Manager
Date: Date:

CHAPTER 3
GROUP MANAGER PROCEDURAL DOCUMENT FOR GROUP CHAIN OF CUSTODY

1. Procedures for adding in new members to the "SBTG" group certificate:

- New member signs the member letter that outlines responsibilities of member and group manager and provides rules for entry and exit from the membership,
- New member develops a Documented Control System and Chain of Custody procedures document in conformance with the group manager's requirements before being accepted,
- New member will train their employees and contractors on the Chain of Custody procedures,
- The group manager will do an onsite review of the new member's systems before adding them to the group certificate,
- The group manager provides members with the Certification body/ SBTG guidelines, FSC brochures and all assessment and audit reports concerning the group's certification,
- The group manager will report to Certification body within 30 days of the inclusion date of new members.

2. The group manager will provide to new group member its FSC certification code and sub-code designation i.e., CB-COC-00XXXX A

3. Procedures for group manager performing monitoring of group members.

- The group manager will monitor all members onsite at least annually,
- Certification records and procedures will be monitored,

- A record of monitoring visits including dates of visits, member visited and general findings will be kept,
- A report of findings and Corrective Actions will be provided to the member if there is any non-compliance,
- Corrective Action compliance will be verified either by onsite visit or document review as appropriate. A verification report will be prepared and be part of the group manager records.

4. The procedure for members voluntarily or involuntarily leaving the group:

- Member requests to be removed from the group giving 7 days notice (it is a voluntary program),
- Member does not adhere to the Certification body/ SBTG Chain of Custody guidelines or does not comply with Corrective Action Requests,
- Member refuses to allow group manager and/or Certification body access for auditing or monitoring,
- Member sells the business and the new owners do not want to remain a member,
- Group manager will provide the member a written explanation for their removal from the group,
- Group manager will provide the member with a 7 days' notice prior to removing them from the group,
- Group manager has a grievance procedure for members involuntarily removed from the group. The grievance procedure includes:
- Member provides written reasons why they should not be removed,
- The group manager and at least two other members consider the grievance,

- Two votes of the three entities are required to accept the grievance,
- Member is informed of grievance decision within 3 days of the receipt of written grievance,
- Members vote for the grievance committee membership,
- Certification body will be informed within one month that a group member has been removed from the group certificate.

5. Procedures for keeping and/or verifying records of group members' certified transactions:

- The group manager requires that each member provide summaries of certified product purchases and sales to the group manager annually,
- The group manager will have a copy of the members Documented Control System and procedures,
- The group manager will visit each member at least annually for monitoring purposes.

6. Additional group manager responsibilities:

- Provide a Documented Control System and certification procedures template to the members of "SBTG",
- Represent the members as the contact for communications of a certification issues with the Certification body and the FSC,
- Communicate changes to the members of "SBTG" in FSC requirements,
- Notify members of any changes in the group's or individual member's certification status,
- Provide an orientation/training to members on FSC certification including:
- The complete Chain of Custody standards as provided by Certification body,
- An overview of FSC/Chain of Custody certification,
- The certification process,
- Explanation of assessment and annual audit information that is verified by Certification body,
- FSC requirements regarding use of their name and trademark in public information.

SUSTAINABLE BIO-TRADE GROUP
Mailing Address

Date:

The Potential Group Member,
Address

Dear Sir/Madam,

We are inviting you to join our FSC/Certification body- SBTG group of certified forest product manufacturers, wholesalers and retailers. Certification body is a program of the Rainforest Alliance and is accredited by the Forest Stewardship Council (FSC). Certification body has certified a group of Federation of Community Forestry User Nepal (FECOFUN) members for FSC Forest Management certification. Raw materials from those certified community forests are FSC certified and companies that are Chain of Custody certified could label the products/manufactured products from those forests as FSC certified.

FSC/Certification body- SBTG is a voluntary program, whereby our forestland owners/managers submit to a third party assessment of the environmental, economic, and social performance of their forest management system and practices against a set of international forestry standards and criteria. Companies get certified to: improve and verify the quality of their management and to provide the consuming public with certified products that acknowledge their commitment to the environment and community.

Members of the SBTG of certified businesses have to undergo audits and assessments. The Certification body assessment team selects the members in our certified group to review. They review a sample of documents and/or visit a number of businesses. If you participate in the group your documents and business may be selected. We are asking our members who may be interested in participating in this program to review the following terms and conditions and sign this document if you wish to be included in our certified group.

Sincerely yours,
Group Manager

Annex 4: Template for Record Keeping for FSC Certified Products: Purchase order
(XXX Company)
Mailing Address

PURCHASE ORDER
(FSC certified only)

Purchase Order No: Date:
                                                               COC Code: CB-COC-00XXXX A

Supplier M/S:
Address:

SN	Particulars	Quantity	Rate	FSC Code	FSC Claim	Remarks

Shipping details: ....
Others: ....

ORDER MADE BY Name:..
Title:..

Annex 5: Template for Record Keeping for FSC Certified Products: Raw material store record
(XXX Company)
Mailing Address

CERTIFIED RAW MATERIALS STORE RECORD
(FSC certified only)

Date:
COC Code: CB-COC-00XXXX A

SN	Particular	Quantity	Rate	Amount	COC Code	FSC Claim	Separating Code	Remarks

Store Supervisor
Name: Signature:

Annex 6: Template for Record Keeping for FSC Certified Products: Raw material production record
(XXX Company)
Mailing Address

CERTIFIED RAW MATERIALS PRODUCTION RECORD

Date:
COC Code: CB-COC-00XXXX A

SN	Batch No.	Raw Materials	FSC Code	FSC Claim	Production Description	Qty. of Raw Materials	Product Code	Product Description	Qty.	Remarks

Production Supervisor
Name: Signature:

Annex 7: Template for Record Keeping for FSC Certified Products: Products store record
(XXX Company)
Mailing Address

CERTIFIED PRODUCTS STORE RECORD

Date:
COC Code: CB-COC-00XXXX A

SN	Particular	Qty.	FSC Claim	Product Code	Separating Code	Remarks

Store Supervisor
Name: Signature:

Annex 8: Template for Record Keeping for FSC Certified Products: Products sales record
(XXX Company)
Mailing Address

CERTIFIED PRODUCTS SALES RECORD

Buyer M/S: Date:
Buyer's Purchase Order No: COC Code: CB-COC-00XXXX A
Buyer's COC Code:
Address:

SN	Particulars	Batch No.	Qty	FSC Claim	Shipment by	Shipment Date	Remarks

Sales Supervisor
Name: Signature:

Annex 9: Template for Record Keeping for FSC Certified Products: Invoice
(XXX Company)
Mailing Address

INVOICE
"FSC Certified Products Only"

PAN/VAT No.:   COC Code: CB-COC-00XXXX A
Buyer's COC Code: Date:
Buyer M/S: Invoice No:
Address:

SN	Particulars		FSC Claim	Qty.	Rate	Amount
			VAT @...............			
			Total Amount			

In Words:
For (XXX company)

Annex 10: List of FSC certified member who supply certified raw materials

Name of members	Registration Sub-code assigned	Contact details	Property location (e.g. town, county)	Total area (ha)	Products	Date of entry
Total area in certified pool						

Annex 11: FSC product groups

Site	Inputs to FSC product groups	FSC product groups	Product type (FSC-STD-40-004a)	FSC claim

Annex 12: Product volume summary table/public summary table

SN	Particulars	Materials input	Qty. of production	Store record	Sales record	Balance in store	Remarks

Annex 13: Product supplier's lists

Name of suppliers	Product types	Material input	Material category	FSC Code

Annex 14: Member fact sheet of (xxx organization)

Name of member	Primary contact	Title	Address	Tel	Fax	E-mail	Date of entry	COC Code/ Sub code

Annex 15: Conversion factors

Product types	Amount of Input use	Total quantity/number of products made	Methodology	Remarks (if any)

Annex 16: Focal persons for handling and record keeping of FSC certified products

SN	ROLES AND RESPONSIBILITIES	FOCAL PERSONS
1	Management and coordination	
2	Issuing purchase order for FSC certified products	
3	Receiving FSC certified products	
4	Storage of FSC certified products	
5	Production of FSC certified products	
6	Sales of FSC certified products	
7	Record keeping of FSC certified products	
8	Communications with certification body for FSC logo use and other related issues	
9	Training/Orientation to staffs of (xxx company) and members of (xxx organization)	

Annex 17: Checklist for group manger/group organization of Group Chain of Custody certification

CHECKLIST FOR GROUP MANGER/GROUP ORGANIZATION OF GROUP CHAIN OF CUSTODY CERTIFICATION:

1. Vision, Mission of enterprise/company/ or cooperative
2. Policy acknowledging the FSC Chain of Custody standards, guidelines and policy
3. Human resources and training capacity to other potential enterprises/companies/ or cooperatives
4. Documented control system
5. Communication mechanism and effectiveness with members and certification body
6. Group manager's capacity building for monitoring the group members
7. Record keeping system (purchase, production, storage and sales)
8. Ready to get NTFP certification
9. Relationship with other organizations
10. Group manager's capacity for providing training to group members
11. Planning, monitoring and evaluation system/practices
12. Recording/minute system and documentation
13. Previous track history
14. Potential products for piloting the certification
15. Volume and market value of NTFPs products
16. Market characteristics of products: demand/market size, competitions, number of buyers, requirements of buyers – quality, timely delivery, design including environment and social values, premium value of the certified products?
17. Potential enterprises/companies/or cooperatives for Group Chain of Custody certification
18. Group organization's readiness getting Group Chain of Custody certification
19. Relationship with government agencies and other stakeholders

Annex 18: FSC Chain of Custody Certification: Self assessment exercise

Responsibility of Chain of Custody controlled system for enterprise/company
Name:
Designation:
Contact address:

A. FSC CERTIFIED MATERIALS PURCHASING AND RECEIVING:

1. Do you have FSC certified material receiving system in your company?
Yes   No
Detail (if yes):

_____

2. Do you have a set procedure for verifying the FSC certified status of material purchased with the documents of FSC certification status, percentage of FSC content or volume and its assessment process?
Yes   No
Detail:

_____

3. Do you have a set procedure for recording quantities of certified materials received and certified?
Yes   No
Details:

_____

4. Do you have a set procedure for maintaining the separate identity of certified materials upon receiving and separate storage?
Yes   No
Details:

_____

5. Do you have a set procedure for maintaining the FSC certified color codes or mark?
Yes   No
Details:

_____

5. Do you have a set procedure for inventory of certified materials and record system?

Yes   No

Details:

_____

7. Are you aware of the FSC provision of illegal forest products production and usage policy
and do you accept these policies? Have you been informed that if you will not implement these
policies your certificate will be suspended or withdrawn?

Yes   No

Detail:

_____

B. PRODUCTION/PROCESSING

1. Do you operate separate production and make physical separation of certified materials?

Yes   No

Details:

_____

2. Do you use a mark or color code for separating certified materials?

Yes   No

Details:

_____

3. Have you developed a set of procedures for tracking certified materials within processing
and maintain record system?

Yes   No

Details:

_____

4. Have you developed a conversion factors set of procedures for tracking certified materials
within processing and maintain record system?

Yes   No

Details:

_____

5. If your processing system is based on mixed categories, do you fix the certified and not-
certified materials percentage?

Yes   No

Details:

_____

C. Shipping
1. Do you store certified and non-certified finished goods separately?
Yes   No
Details:

2. Do you use a separate color code or mark in the packaged products?
Yes   No
Details

3. Have you made an inventory of products and trade records?
Yes   No
Details:

D. Training to staff
1. Do you organize orientation/training to staffs for handling and transporting the certified materials?
Yes   No
Details:

2. Do you provide written CoC policy and guidelines?
Yes   No
Details:

E. Record keeping of certified products materials
1. Do you keep the records of certified materials purchasing and receiving, processing, and shipping for five years?
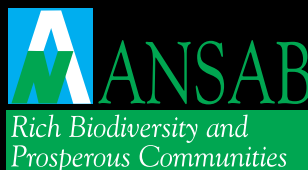
Some Relevant Publications from ANSAB

- ANSAB and FAO. 2009. Challenges and Opportunities for Nepal's Small and Medium Forest Enterprises.
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- ANSAB. 1999. Monitoring the Effects of Community Based Conservation and Commercial Utilization of Natural Products in Humla, Nepal.
- ANSAB. 1999. Socio-Economic and Institutional Impacts of Community Based Ecosystem Management Project in Humla, Nepal.
- Video Documentaries on
- Forest Certification - Steps Towards Sustainability (English and Nepali)- 30 Minutes
- In Search of Yarshagumba (English and Nepali)- 29 Minutes
- Community Enterprises (In Nepali)- 29 Minutes

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The Asia Network for Sustainable Agriculture and Bioresources (ANSAB) is a civil society organization that has been conserving biodiversity and improving livelihoods across South Asia for almost twenty years. It places community empowerment and economic incentives at the heart of its approach, believing that as people benefit from natural resources they become more motivated to conserve them — and vice-versa. ANSAB implements a variety of innovative solutions in line with this core conviction, such as the creation of enterprises based on the sustainable use of natural resources, especially Non Timber Forest Products (NTFPs), and the establishment of payment-schemes for environmental services, especially for Reducing Emissions from Deforestation and Forest Degradation (REDD) plus. It has notably pioneered the Forest Stewardship Council (FSC) certification in Nepal and introduced the concept of subgroup in community forestry to ensure that ultra-poor and marginalized people benefit from the natural resources of their communities. ANSAB is also deeply involved in climate change mitigation and adaptation as the issue continues to threaten the environmental and economic progresses achieved so far — in Nepal as in the rest of the world.

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