



## **Group Chain-of-Custody Requirements**

### *Summary Fact Sheet*

August 2007

#### **I. Introduction**

The intent of the SmartWood Program is to assess, monitor, and acknowledge good forest management and chain-of-custody procedures for the wood products coming from these forests. Chain-of-custody (CoC) refers to the complete process by which wood is transformed from a tree in the forest to a final product provided in a wholesale or retail market; e.g. from the forest, to a sawmill, to a processing facility, to the marketplace. SmartWood verifies Forest management and chain-of-custody systems through a third party certification process that is accredited by the Forest Stewardship Council (FSC).

This fact sheet is provided for organizations or entities comprised of several small companies that wish to apply for one certification. This supplements the handling and tracking requirements defined in the CoC standards found at [www.smartwood.org](http://www.smartwood.org) and is based on FSC-POL-40-002 *Group Chain of Custody (CoC) Certification: FSC Guidelines for Certification Bodies*, 01Sep04. Check with SmartWood for the applicable CoC standard based on your operation types.

SmartWood's Group Chain-of-Custody Requirements and Chain-of-Custody Standards are used for assessments and audits of organizations applying for group certification. Auditing of the organization's CoC management system as well as on-site sampling of the members is performed to ensure that CoC Standards are adhered to and that all products carrying the FSC trademarks are produced with materials from FSC-certified sources. All SmartWood documents are revised periodically, based on public or private comment and field experience.

#### **II. Terminology for Group Certification**

- **Group Organization:** the entity that is applying for group certification.
- **Group Manager:** the individual or set of people within the Group Organization that will have control over the certification and will be SmartWood's main contact.
- **Group members:** the companies/operations that will be handling, tracking, and selling FSC-certified product and will be participants in the group certification.
- **Group CoC management:** the overall management required of the Group Organization for ensuring CoC procedures are followed by all of the group members.
- **Documented control system (DCS):** member-specific procedures for handling and tracking certified material.

#### **III. Eligibility for Group Certification**

In order for an organization to apply for group certification, it must be set up as an independent legal entity. It is not necessary for all members in an association to be included in the group certificate, however, evaluation of each participating member according to the CoC requirements is required.

The following are the eligibility criteria for companies to be included as group members in the group certification:

- All members shall be located within the same country as the Group Organization;

- All members shall have a formal written agreement with the Group Organization and be subject to continuous monitoring by the Group Organization; and
- The member cannot have more than 15 employees, including full time, part time, and seasonal staff, or
- The member cannot have more than 25 employees and the annual turnover for all goods and services cannot exceed \$1 Million USD.

## IV. Requirements and Responsibilities

### A. Group Organization / Group Manager

The Group Organization is the main entity within the certificate that has responsibility for the group certification as a whole and ensuring members meet the applicable CoC requirements. Violations that occur at the member-level are the legal responsibility of the Group Organization. This Group Organization shall designate a Group Manager to be responsible for the group certification and to act as SmartWood's primary contact person for assessment and audit planning. This contact is the liaison between the members and SmartWood. Following are the core requirements and responsibilities of the Group Organization and designated Group Manager:

1. **Certification agreement:** the Group Manager coordinates the review and signature of the certification contract between the Rainforest Alliance and the Group Organization. It is the Group Organization that is contractually responsible for the certification and ensuring member-compliance.
2. **Group CoC management procedures:** the Group Manager is responsible for preparing written procedures for the management of the group certificate. SmartWood has a separate document that details the minimum required elements for written procedures.
3. **Member CoC Procedures:** the Group Manager coordinates the preparation of written CoC procedures (or documented control systems – DCS) to be completed by each member that detail the procedures for the tracking and handling of certified material.
4. **Orientation:** the Group Manager is responsible for providing general certification materials to each member so that training can be completed. These shall include at a minimum:
  - The complete CoC standards as provided by SmartWood.
  - An overview of FSC CoC certification including implementation of CoC procedures and compliance with the policies and standard requirements for certification.
  - A summary of the certification process including SmartWood's annual auditing procedures and the right for SmartWood and FSC to review records.
  - The FSC requirements for use of its trademarks (name, logo, and labels) in public information.
  - Any obligations the member has to the Group Organization for participation in the group certification.
5. **Consent forms:** the Group Manager prepares a consent/acknowledgement form to be signed by each member participating in the group certification. At a minimum, the consent form shall include:
  - Acknowledgement and agreement to the requirements of group CoC certification.
  - Intention to participate in the certification for the full certificate period.
  - Acknowledgement of compliance with the CoC standards.
  - Authorization for the Group Organization to apply for group certification on the member's behalf.
6. **Monitoring:** The Group Manager or a designate shall monitor each member initially to verify compliance with the applicable CoC requirements prior to adding the member to the certificate. Annual monitoring of each member shall take place to verify that CoC procedures are being followed and meet the applicable requirements. A report of the findings shall be prepared and provided to the member. Records of monitoring shall be kept on file for SmartWood review during annual audits.
7. **Compliance with CoC:** the Group Manager is responsible for enforcing member-compliance with the certification standards and any corrective action requests (CARs) issued by SmartWood. Should any members be found out of compliance during internal audits, the group manager shall have the authority to and issue CARs and follow up on compliance.
8. **Annual audit preparation:** separate from the internal auditing performed by the Group Manager, SmartWood conducts annual audits. The Group Manager is responsible for

assisting SmartWood in this planning by providing the necessary information requested. The Group Manager shall collect annual audit data for SmartWood's review. This includes compiling records of internal audits as well as summarizing certified volume data for certified materials purchased, inventory, and materials sold.

9. **Adding/removing sites:** the Group Manager shall have the authority to add or remove members from the group certificate. Removal of members may result from non-compliance issues or lack of activity. With either addition or removal of members, the Group Manager shall notify SmartWood in writing within 30 days. The group CoC management procedures shall be clear in this process and followed.
10. **Records:** the Group Manager is responsible for maintaining records for at least 5 years. Records maintained by the Group Manager include:
  - A list of the members participating in the certification along with contact information, FSC certification subcode, and date of entry into the certification.
  - Copies of signed consent/acknowledgement forms for each member.
  - Member-specific CoC procedures including the functions included in the scope of the certificate.
  - Records of monitoring (internal auditing) of members, including compliance and actions taken.
  - Volume data for certified materials purchased, in inventory, and sold, per member.
  - A list of members that have been removed from the certificate, the date of withdrawal, and reason.
  - Documentation supporting that the member meets the eligibility requirements.
11. **Trademark control:** the Group Organization is issued logo materials upon certification. The Group Manager maintains control of these materials and ensures that all items are sent to SmartWood for review and approval, prior to use.
12. **Certification fees:** the Group Organization is responsible for collecting all certification-related fees from members and submitting to SmartWood.
13. **Capacity and authority:** the Group Manager shall have sufficient legal authority and capacity for complying with group certification requirements for all participating members.

#### B. Member

Each member participating in the group certification has specific requirements as follows:

1. **Documented control system:** the member shall prepare written procedures for the handling and tracking of certified material within its operation.
2. **CoC compliance:** the member is responsible for implementing and maintaining CoC procedures for its operation that are in compliance with the CoC standards.
3. **Consent form:** the member shall sign a consent/acknowledgement form provided by the Group Manager. This shall detail the requirements for group certification, the member's intention to participate in the certification and comply with the certification standards.
4. **Representation:** the member shall represent its certified status and certified products in reference to the group certificate. This includes use of the Group Organization FSC certificate code with the member-specific subcode.

## V. The Group Certification Process

Following is information on the certification process from point of contact to certificate.

### A. Planning

Initially the Group Organization makes contact with SmartWood either via application or enquiry. An application is necessary to begin the certification process and it is quickly followed by a set of questions based on the nature of the organization and members. These questions provide the information that is needed to design a structure plan for the assessment process. The questions also assist SmartWood in determining an audit plan for choosing which members to include in the initial assessment sampling.

Upon finalizing a plan for the assessment, SmartWood completes a budget proposal and submits to the Group Organization for review. SmartWood needs to receive approval of the budget via a signed service agreement in order for the certification process to commence.

## **B. On-site assessments**

The certification process proceeds with the scheduling of site visits to the Group Manager and members. The Group Manager (and Group Organization) assessment verifies the CoC system in place for management of the group CoC certificate. See section IV.A above for details of the Group Manager requirements and responsibilities.

The individual member assessments verify compliance with the procedures in place for the tracking and handling of certified material according to the applicable FSC CoC standards. See section IV.B for further details on member requirements and responsibilities.

## **C. Report and Agreement**

Following the on-site assessments, the SmartWood auditor prepares a CoC certification report that is reviewed by SmartWood technical staff as well as the Group Organization. Upon finalization and approval of the report, SmartWood prepares and submits a certification agreement to the Group Organization for review and signature. Completion of this agreement is necessary before certification can be awarded.

Upon certification, the Group Organization is awarded a certificate and one FSC certification code. It is the responsibility of the Group Manager to assign subcodes for each member, e.g., SW-COC-0000A, SW-COC-0000B.

The certification agreement is written for five years. Each year of certification requires an annual audit. A sampling equation is applied to the number of members that existed at the last audit and separately to new members in order to determine how many are visited per annual audit.

## **VI. Additional Resources**

It is necessary for the Group Organization to have a copy of the current and applicable Chain-of-Custody Standards. These provide the CoC requirements for tracking and handling as well as trademark control and marketing.

SmartWood has prepared additional resources and tools to aide in group certification as follows:

- **Pre-requisites to group certification:** this document provides a summary of the minimum items that need to be in place prior to the Group Organization being awarded certification.
- **Group CoC management outline:** this document provides an outline of the minimum elements required for the written procedures to be developed by the Group Manager.
- **Documented control system outline:** this document provides an outline of the minimum elements required for the members' written procedures.