



**PricewaterhouseCoopers
Independent Chain of Custody Standard™:2005
(PwC-ICoC™:2005)**

**Wood Fibre Chain of Custody Management
System Requirements with Guidance for Use**

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Introduction

The purpose of the PricewaterhouseCoopers Independent Chain of Custody Standard (“PwC-ICoC™:2005” or the “Standard”) is to facilitate the transparent transfer of responsibly managed wood fibre through the supply chain. Organizations wishing to certify to the PwC-ICoC™:2005 Standard are required to implement their own Chain of Custody (CoC) management system, including objectives and controls, to ensure they meet the minimum requirements of the Standard. The organization may include additional requirements in their management system (i.e. at the request of customers), which will then become integral to their CoC System.

The management system will be clearly documented and will be audited by a qualified, independent third party auditing organization. The management system will also be subject to annual surveillance audits to ensure that the system and controls are adequately maintained.

1 Scope

This Standard specifies requirements for a *Chain of Custody Management System* to enable an organization to develop and implement policy and objectives to establish effective control of the sources and uses of wood fibre in its operations.

This Standard is applicable to any organization that wishes to:

- 1 i) establish, implement, maintain and improve a Chain of Custody management system;
- 1 ii) assure itself of conformity with its stated Chain of Custody policy; and
- 1 iii) demonstrate conformity with this Standard by seeking certification of its Chain of Custody management system.

All the requirements in this Standard are intended to be incorporated into an operational management system. The scope of application depends on factors such as the Chain of Custody policy of the organization, the nature of its activities, products and services and the locations and the conditions in which it operates.

This Standard does not include requirements for the use of an on-product label.

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2 Terms and Definitions

For the purposes of this document, the following terms and definitions apply.

2.1 Acceptable Wood Fibre

This source of wood fibre is defined in Section 4.1 of the Standard.

2.2 Allocation Method

The method used by the organization to allocate certified fibre inputs to product outputs will be documented within the CoC management system. Depending on the nature of the products being produced by the organization, this may include allocation by species, grade of product or manufacturing unit. CoC-certified products can contain certified virgin fibre and/or recycled fibre.

The allocation methods used by different organizations will vary depending on the manufacturing processes, sources and uses of wood fibre and customer requirements. These methods are as follows:

- 2.2 i) one approach to allocation is to apply the percentage of certified wood fibre input on average across all finished products (i.e. percentage in = percentage out); or
- 2.2 ii) certified fibre could be allocated 100% to specific products; or
- 2.2 iii) allocation could be based on the actual amount of finished product that would be produced from an amount of certified wood fibre input, using conversion factors applicable to specific manufacturing processes (i.e. x amount of certified wood fibre = y amount of certified finished product).

In all cases, the percentage or amount of certified fibre outputs cannot exceed certified fibre inputs, the allocation method must be clearly communicated, and certified content claims must be supported by appropriate documentation.

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2.3 Area of Exceptional Risk

An area that has the following characteristics:

- 2.3 i) forest management regulations and/or industry practices that are significantly below generally accepted good forest management practices; and
- 2.3 ii) inadequate level of government or third-party on-site inspections or enforcement of regulations.

The organization must complete a risk assessment at an appropriate scale and scope to identify wood supply areas of exceptional risk. As an example, Canada and the United States would not be considered areas of exceptional risk, based on the above criteria, due to existing legal mechanisms.

2.4 Audit

A systematic, independent and objective process for obtaining evidence on a test basis, to determine if the CoC management system objectives are met.

NOTE Adopted from ISO 14001:2004 @ 3.14.

2.5 Auditor

Person with the qualifications, competence and authority to conduct a CoC audit to the PwC-ICoC™:2005 Standard.

2.6 Chain of Custody Management System

An organization's management system used to develop and implement its CoC policy and objectives. An organization's quality (i.e. ISO 9001:2000) or environmental (i.e. ISO 14001:2004) management system can be used to meet the requirements for the management system defined in this standard.

NOTE A management system is a set of interrelated elements used to establish policy and objectives and to achieve those objectives (ISO 14001:2004 @ 3.8).

2.7 Chain of Custody Objective

Statement, consistent with the CoC policy, that describes the specific, tangible intention that the organization sets itself to achieve.

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2.8 Chain of Custody Performance

Measurable results of an organization's management of its Chain of Custody requirements. A CoC certification audit is conducted to the minimum management system and performance requirements contained in this Standard.

NOTE 1 In the context of a *Chain of Custody Management System*, results can be measured against the organization's *Chain of Custody Policy*, *Chain of Custody Objectives*, Chain of Custody Controls and other Chain of Custody Requirements.

NOTE 2 Adopted from ISO 14001:2004 @ 3.10.

2.9 Chain of Custody Policy

Overall intentions and direction of an organization related to its Chain of Custody performance as formally expressed by senior management of the organization.

NOTE Adopted from ISO 14001:2004 @ 3.11.

2.10 Continual Improvement

Recurring process of enhancing the CoC management system in order to achieve improvements in overall CoC performance consistent with the organization's CoC Policy.

NOTE 1 The process need not take place in all areas of activity simultaneously.

NOTE 2 Adopted from ISO 14001:2004 @ 3.2.

2.11 Control Procedure

Specified means of carrying out an activity or a process, which is designed to support the achievement of an objective

NOTE Adopted from ISO 9000:2000 @ 3.4.5.

2.12 Corrective Action

Action to eliminate the cause of a detected nonconformity.

NOTE Adopted from ISO 9000:2000 @ 3.6.2.

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2.13 Document

Information and its supporting medium.

NOTE Adopted from ISO 9000:2000 @ 3.7.2.

2.14 Illegal Sources

Shipments received from organizations that do not have the legal rights to harvest, transport or sell wood fibre, or fibre on which royalties, stumpage or taxes have not been paid.

2.15 Nonconformity

Non-fulfillment of a requirement of this Standard.

NOTE Adopted from ISO 9000:2000 @ 3.6.2.

2.16 Organization

Company, corporation, firm, enterprise, or part or combination thereof, which has developed a CoC management system appropriate to its own functions and administrative structure.

NOTE 1 For organizations with more than one operating unit, a single operating unit may be defined as an organization.

NOTE 2 Adopted from ISO 14001:2004 @ 3.16.

2.17 Recognized Certification Programs

The sustainable forest management certification programs that are recognized by this Standard are *Forest Stewardship Council (FSC)*, *Canadian Standards Association (CSA Z809)*, *Sustainable Forestry Initiative® (SFI)* and *Programme for the Endorsement of Forest Certification Schemes (PEFC)*. The procurement certification program recognized by this Standard is SFI®.

Additional certification programs may be recognized based on a formal risk assessment performed by the organization and approved by the auditor.

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2.18 Record

Document stating results achieved or providing evidence of activities performed.

NOTE Adopted from ISO 9000:2000 @ 3.7.6.

2.19 Recycled Wood Fibre

Post-consumer and pre-consumer recycled or reclaimed fibre are acceptable. To meet specific customer needs, the organization may choose to report post-consumer and pre-consumer recycled or reclaimed fibre separately.

2.20 Stakeholder

Person or group concerned with, or affected by, the CoC performance of an organization.

NOTE Adopted from ISO 14001:2004 @ 3.13.

2.21 Supplier Auditing Program

The organization shall implement an auditing program to confirm the information reported by its suppliers in their annual assertions and sales transactions.

For suppliers that have a certified CoC or label use system, the organization or its auditor shall examine a sample of fibre suppliers to confirm that the suppliers' annual assertion and information provided on invoices is consistent with the scope of the suppliers' certified system. This may be achieved with appropriate supporting CoC documentation.

For suppliers that do not have a certified CoC or label use system, the organization or its auditor shall examine a sample of fibre suppliers to confirm that systems are functioning appropriately to ensure accurate tracking and reporting of wood fibre information contained in the supplier's annual assertion and invoices.

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2.22 Time Period

The period for which the organization calculates the fibre inputs obtained from external suppliers or internal sources.

The fibre input tracking time period can be quarterly or more frequent. The reporting time period can be annual or more frequent, as required to meet the needs of the organization, its customers and its stakeholders.

2.23 Uncontrolled Wood Fibre

Wood fibre obtained from a supplier that has not signed an assertion as to the origin and attributes of the fibre.

2.24 Wood Fibre

This CoC Management System Standard is applicable to all types of wood fibre including solid wood, chips, sawdust, recycled materials, reclaimed materials, veneer, pulp, paper, etc.

Wood fibre can be measured and tracked by either volume or weight and a consistent unit of measure should be used. The organization shall provide documentation to support any conversion factors used.

3 Chain of Custody Management System Requirements

3.1 General Requirements

The *organization* shall establish, *document*, implement, maintain and continually improve a *Chain of Custody Management System* in accordance with the requirements of this Standard.

3.2 Planning

3.2.1 Operational Governance

The *organization* shall identify the relationship of the *Chain of Custody Policy* to the corporate strategy, vision and mission.

3.2.2 Chain of Custody Policy

The *Chain of Custody Policy* statement shall be *documented*, communicated to relevant employees and readily available to customers and the public.

3.3 Implementation and Operation

3.3.1 Organizational Structure and Resources

The *organization* shall develop a formal organizational description to define and *document* the scope of its *Chain of Custody Management System*.

Management shall ensure the availability of resources essential to establish, implement, maintain and improve the *Chain of Custody Management System*. Resources include human resources and specialized skills, organizational infrastructure, technology and financial resources.

3.3.2 Responsibilities and Authorities

Roles, responsibilities and authorities shall be defined, *documented* and communicated in order to facilitate effective management of the CoC system.

The *organization's* top management shall appoint a specific CoC management representative(s) who, irrespective of other responsibilities, shall have defined roles, responsibilities and authority for:

- 3.3.2 i) ensuring that a *Chain of Custody Management System* is established, implemented and maintained; and
- 3.3.2 ii) reporting to top management on the performance of the *Chain of Custody Management System* for review, including recommendations for improvement.

The *organization* shall ensure that Chain of Custody reports are prepared, and then reviewed and authorized by separate individuals.

3.3.3 Competence, Training and Awareness

The *organization* shall ensure that any persons (staff or contractors) performing tasks that have the potential to cause an impact on certified product status are competent on the basis of appropriate education, training or experience and shall retain associated *records*.

The *organization* shall identify training needs associated with its *Chain of Custody Management System*. It shall provide training or take other action to meet these needs, and shall retain associated *records*.

The *organization* shall establish, implement and maintain communication procedures to make persons (staff or contractors) aware of the Chain of Custody Requirements.

3.3.4 Communications

With regard to its *Chain of Custody Management System*, the *organization* shall:

- 3.3.4 i) Establish, implement and maintain procedures for internal communication of requirements among the various levels and functions of the *organization*; communications with external *stakeholders*, and communications with customers regarding certified content. The *organization* may communicate externally that it has a certified *Chain of Custody Management System*. At the successful completion of a certification *audit*, an Auditors' Report and Certificate of Conformance to the PwC-ICoC™:2005 Standard will be issued by the *auditor*, which can be distributed to customers and other external parties. The *organization's* assertion of conformance to the Standard must accompany the Auditors' Report and Certificate of Conformance. A summary of the *Chain of Custody Objectives* and controls should also be provided, if there has been a significant change to the minimum requirements of this Standard (i.e. the addition of a recognized certification program).
- 3.3.4 ii) Ensure that all communications and marketing claims are supported by the information in the *Chain of Custody Management System*.
- 3.3.4 iii) Implement training procedures to ensure that sales and marketing personnel are aware of the *Chain of Custody Management System* and correct terminology.
- 3.3.4 iv) Develop regular (i.e. monthly, quarterly or with each invoice) communication procedures with their customers to supply them with the data they require from the *Chain of Custody Management System*. At a minimum, the *organization's* Chain of Custody certificate number along with the amount and type of certified content shall be included on sales documentation for certified products.

3.3.5 Chain of Custody Manual and Records Management

The *Chain of Custody Management System* shall include a documented Chain of Custody manual, in paper or electronic form.

The *organization* shall establish, implement and maintain procedures to:

- 3.3.5 i) approve documents for adequacy prior to issue;
- 3.3.5 ii) review and update documents;
- 3.3.5 iii) ensure that the current revision status of documents is identified;
- 3.3.5 iv) ensure that relevant versions of applicable documents are legible and available at points of use;
- 3.3.5 v) ensure that necessary documents of external origin are identified and their distribution controlled;
- 3.3.5 vi) prevent the unintended use of obsolete documents and apply suitable identification if they are retained for any purpose; and
- 3.3.5 vii) identify, store, protect, retrieve, retain (minimum of five years) and dispose of records.

3.3.6 Operational Control

The *organization* shall identify, plan and control those operations that are associated with its Chain of Custody, in order to ensure that they are carried out under specified conditions, and to achieve the requirements specified in this Standard.

3.4 Checking and Corrective Action

3.4.1 Monitoring and Measurement of System Conformance

The *organization* shall establish, implement and maintain procedures to monitor and measure, on a regular basis, the key characteristics of its operations that can have an impact on Chain of Custody. The *organization* shall collect and analyze trend data for its key characteristics.

The *organization* shall ensure that calibrated or verified monitoring and measurement equipment is used and maintained and shall retain associated *records*.

3.4.2 Nonconformity, Corrective Action and Preventive Action

The *organization* shall establish, implement and maintain a procedure for dealing with *nonconformities* identified with the requirements of this Standard and for taking *corrective action*. Actions taken shall be appropriate to the magnitude of the *nonconformities* encountered.

3.4.3 Conformance Audit

The *organization* shall ensure that an internal *audit* program for the *Chain of Custody Management System* is planned, established, implemented and maintained. Processes for report generation shall be included in the internal *audit* program.

External conformance *audits* for the *Chain of Custody Management System* shall be conducted by a qualified, independent third party *auditor* in accordance with the requirements of national or international non-financial assurance standards such as the ISO 19011:2002 or ISAE 3000 standards, before the system can be certified. **Annex A** provides additional guidance on these requirements.

External surveillance *audits* shall be conducted annually.

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3.5 Continual Improvement

3.5.1 Management Review

Senior management shall review the *Chain of Custody Management System* on a regular basis. The review shall be *documented*.

Reviews shall include assessing opportunities for improvement and the need for changes to the *Chain of Custody Management System*, including the *Chain of Custody Policy* and *Objectives*.

Input to management reviews shall include:

- 3.5.1 i) results of internal audits including summaries of *non-conformities* and opportunities for improvement;
- 3.5.1 ii) communications from customers and other external *stakeholders*;
- 3.5.1 iii) the *Chain of Custody* performance of the *organization* including the extent to which objectives have been met;
- 3.5.1 iv) follow-up actions from previous management reviews; and
- 3.5.1 v) changing circumstances.

The outputs from management reviews shall include any decisions and actions related to possible changes to *Chain of Custody Policy*, objectives, and other elements of the *Chain of Custody Management System*, consistent with the commitment to *continual improvement*.

3.5.2 Process Improvement

The *organization* shall demonstrate *continual improvement* of the effectiveness of the *Chain of Custody Management System* through review of internal *audit* findings, analysis of monitoring and measurement data, and management review. Opportunities for *continual improvement* should be identified and implemented.

4 Chain of Custody Performance Requirements

4.1 Wood Fibre of Acceptable Origin

For purposes of this Standard all *wood fibre* in the CoC system will be classified as either *acceptable* or *uncontrolled*. *Acceptable wood fibre* can be either recycled, certified or non-certified and shall meet the following requirements.

4.1.1 With the exception of recycled or reclaimed *wood fibre*, the *organization* shall ensure that the following attributes are met for all *wood fibre* inputs, unless certified to a recognized certification program:

4.1.1 i) *wood fibre* is not from an *area of exceptional risk*; and

4.1.1 ii) *wood fibre* is not sourced from forests where genetically modified trees have been used.

4.1.2 *Wood fibre* is not from an *illegal source*.

4.1.3 The *organization* shall require all suppliers to sign an assertion annually, that the *wood fibre* they provide to the *organization* will meet the attributes listed in Requirements 4.1.1 and 4.1.2, and that they will immediately notify the *organization* if they become aware that *wood fibre* does not meet these attributes. The *Supplier Assertion* shall also state that the supplier will not sell or commit to sell more certified or recycled *wood fibre* to its customers than the supplier has available.

4.1.4 The *organization* shall not knowingly utilize fibre at a facility with a certified *Chain of Custody Management System* if the fibre does not meet the attributes listed in Requirements 4.1.1 and 4.1.2. If *wood fibre* was already utilized at the facility before it was known that the *wood fibre* was not *acceptable*, then the *wood fibre* shall be classified as *uncontrolled* for that *time period*.

4.1.5 All *Chain of Custody Management System* metrics shall be re-calculated immediately upon receiving information that one or more of Requirements 4.1.1 to 4.1.4 have not been met. For example, all or portions of the *wood fibre* from a supplier may no longer be considered *acceptable* and may have to be classified as *uncontrolled wood fibre* for the *time period*.

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4.2 Requirements for Certified Wood Fibre and Recycled Wood Fibre

- 4.2.1** Certified *wood fibre* raw material inputs shall be from forests and/or procurement systems that have been audited by an independent third party and certified to a *recognized certification program*.
- 4.2.2** If the *organization* is recording all or a portion of the *wood fibre* inputs (raw material or semi-finished products) as being certified or recycled, a communication procedure must be established with suppliers to *document* the amount of *wood fibre* inputs from the various sources (i.e. each *recognized certification program, recycled and acceptable*). In addition, suppliers of certified or recycled fibre must provide evidence of a certified chain of custody/label-use system or the *organization* must implement a *supplier auditing program* to verify certified or recycled content.
- 4.2.3** At the end of each *time period*, the *organization* shall prepare a report that *documents* the *wood fibre* inputs by source (i.e. each *recognized certification program, recycled, acceptable and uncontrolled*). The report will be used to ensure that the requirements of this Standard are satisfied for the *time period*. This report will reconcile with an allocation credit account to facilitate the allocation of *wood fibre* from the different input sources to the product outputs (i.e. withdrawals from the account in the form of certified products sold).
- 4.2.4** The *organization* shall ensure that the credit account balance remains positive (i.e. the *organization* cannot allocate more “certified” fibre to finished products than is available). In addition, the credit account balance cannot exceed the amount of certified and recycled *wood fibre* inputs accumulated during the previous twelve months.

4.3 Uncontrolled Wood Fibre

4.3.1 The *organization* shall ensure that, for each *time period*, the amount of *wood fibre* input from *uncontrolled* sources at the facility level is less than 5 per cent.

4.3.2 If the amount of *uncontrolled wood fibre* input at a facility is greater than 5 percent in a *time period*, the *Chain of Custody Management System* shall be deemed ineffective and the certifier shall be notified immediately. The following steps shall be taken:

4.3.2 i) develop a *documented* action plan for rectifying the situation within an agreed time frame; and

4.3.2 ii) no certified *wood fibre* can be deposited into the credit account for the *time period*.

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Annex A (Informative)

External Certification Audits

As discussed in Section 3.4.3 of the PwC-ICoC™:2005 Standard, external conformance *audits* shall be conducted by a qualified independent third party with authority to conduct an *audit* to the PwC-ICoC™:2005 Standard, in accordance with national or international non-financial assurance standards such as the ISO 19011:2002 or ISAE 3000 standards. An external conformance audit is required for an *organization's* CoC management system to be certified.

The ISO 19011 Standard can be found at www.scc.ca.

The International Standard on Assurance Engagements (ISAE) 3000, can be found at www.ifac.org/IAASB.

The fundamental principles that *auditors* completing conformance *audits* are required to observe and include:

- i) Integrity;
- ii) Objectivity;
- iii) Professional competence and due care;
- iv) Confidentiality; and
- v) Professional behaviour.

In addition, *auditors* must be independent of the activity being *audited*, and free from bias and conflict of interest.

NOTE If an *organization* wishes to combine *audits* of the environmental management system, quality management system or environmental compliance *audits* with *Chain of Custody Management System* certification *audits*, the objectives and scope of the *audit* should be clearly defined. Environmental management system, quality management system and environmental compliance *audits* are not covered by this Standard.