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CHAIN OF CUSTODY SCHEME RULES

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1. Introduction

1.1 This document contains the scheme rules to support an accreditation program for third party certification bodies undertaking audits and certification against AS 4707—2006: Chain of Custody for Certified Wood and Forest Products.

1.2 These rules were developed in line with Clause 1.2 of ISO/IEC Guide 65, and supplement requirements in **(and therefore should be read in conjunction with) ISO/IEC Guide 65 and JAS-ANZ Procedure 15**. Clause numbers from ISO/IEC Guide 65 have been added to relevant headings in these rules, to facilitate cross-referencing.

1.3 Revisions of AS 4707 may review or set criteria relevant to these rules. In any case, these rules will be reviewed within two years after implementation; or earlier if the need arises. Revised or additional criteria, including relevant revisions to AS 4707, will be regarded as part of these rules. Where there is inconsistency between the revised or additional criteria and these rules, the requirements of the revised or additional criteria will prevail.

1.4 The authorisation and distribution of these rules is the culmination of a development process that included the drafting of criteria and review of CoC scheme rules (Clause 1.2 above) by a Forestry Sector Technical Committee that represented interested parties.

2. References

2.1 Undated references imply the latest version:

- a) AS 4707 - Chain of custody for certified wood and forest products.
- b) AS 4708 – The Australian Forestry Standard. [Includes reference to this standard's three supplements.]
- c) ISO/IEC Guide 65 - General requirements for bodies operating product certification systems.
- d) ISO 19011 - Guidelines for quality and/or environmental management system auditing.
- e) JAS-ANZ Procedure 15 – General requirements for bodies operating product certification systems.
- f) AFS Ltd: Logo Use Rules Manuals.

3. Definitions

AFS Ltd: Australian Forestry Standard Limited, a public, not-for-profit company, which owns and manages AS 4707 and AS 4708 and the CoC scheme rules as components of the Australian Forest Certification Scheme (AFCS).

Certification document: a document (e.g. letter or certificate) issued by a certification body to a supplier indicating that the supplier's CoC system complies with AS 4707 and any supplementary documentation required under the CoC system.

Chain of custody (CoC): the process of tracking wood and forest products originating in certified forests through all phases of ownership, transportation, and manufacturing from the defined forest area to the final product and delivery to the end consumer.

CoC logo: a document, tag, label, stamp or other marking that indicates that a batch of wood or forest products originates from a certified forest. Where practicable, the CoC logo is applied or affixed to the products. The right to use the CoC logo is issued by AFS Ltd to the certified supplier, which applies the logo to the batch of wood or forest products under its current control. Minimum content for the CoC logo is:

- a) AFS logo or PEFC logo, as approved or licensed by AFS Ltd;
- b) registration number for each logo, as advised by AFS Ltd;
- c) batch number or other means of identifying the products the logo applies to;
- d) date of issue.

Optional content includes the name of the certified supplier applying the logo and the marks of the certification body and JAS-ANZ. See AFS Ltd's Logo Use Rules Manuals for use of the relevant logo(s) and claims.

Defined forest area (DFA): an area of forest including land and water within Australia to which the requirements of AS 4708 are applied, and over which the forest manager can demonstrate management control that allows them to achieve the requirements of AS 4708.

Group: a cohort of managers of small forest areas that are jointly developing, implementing or maintaining a forest management system designed to meet the requirements of AS 4708, and a CoC system designed to meet the requirements of AS 4707; and are located within a forest region defined by similar forest types or a similar range of forest types, conditions or administrative arrangements.

JAS-ANZ: Joint Accreditation System of Australia & New Zealand.

Major nonconformity: where a significant element of the CoC system is not functional, or where data has been falsified, or there is ongoing resistance to

correcting minor nonconformities. The certification body's procedures shall require that:

- a) verification of effective corrective action shall require a follow-up visit by the certification body before certification. If the supplier is already certified, evidence of a corrective action plan shall be presented to the certification body within 5 working days, and verification of effective corrective action shall require a follow-up visit by the certification body within three months;
- b) failure to take action sufficient to at least downgrade the major nonconformity to a minor nonconformity within three months shall result in automatic suspension or withdrawal of certification;
- c) if the major nonconformity is downgraded to a minor nonconformity within three months, that minor nonconformity is actioned within a further three months (total of six months to fully action a major nonconformity sufficient to conform).

Minor nonconformity: where there is a breach of the CoC requirements, and that breach is likely to have a minor impact on the function and intent of the CoC system. The certification body's procedures shall require that:

- a) implemented corrective action is verified as effective before certification, or within six months if the supplier is already certified;
- b) failure to action a minor nonconformity within six months will result in a major nonconformity being raised with the supplier's corrective action process.

Observation: where there is opportunity to improve current practice but there is no breach of requirements, or the breach is insignificant and likely to have no impact on the function and intent of the CoC system.

Supplier: an organization, including a multi-site organization, which is applying for or is a holder of a chain of custody certificate.

4. Description of the scheme

4.1 The objective of the CoC scheme is to provide all suppliers in the wood or forest products certification chain with a credible system for tracking such products originating from a DFA that has been certified to AS 4708. These products may also be sourced from other forests managed under schemes recognised by AFS Ltd as substantially equivalent to the AFCS¹. The CoC scheme covers all phases of ownership such as harvesting, transportation, primary and secondary processing, manufacturing, re-manufacturing, distribution and sales.

4.2 The CoC scheme requires a supplier to have a CoC system in place which complies with AS 4707, to identify and track wood or forest products under its control

¹ The basis for 'substantially equivalent' is established in the AFS Limited Logo Use Rules Manuals

(including maintaining records of those suppliers that certified products are received from and/or dispatched to). A supplier is responsible for certified wood or forest products from the point at which it takes ownership or control of the products to the point at which it delivers certified wood or forest products to the next supplier in the certification chain from the forest to the end consumer.

4.3 Accredited third-party certification to AS 4707 under the CoC scheme rules provides a clear statement that wood or forest products have been produced in accordance with a set of clearly defined performance requirements from certified forests that support sustainable forest management. Such certification will help ensure or deliver access to domestic and international markets that seek assurances on the origin of wood or forest products from sustainably managed forests.

5. Who can offer accredited certification to AS 4707?

5.1 Only those certification bodies that have been accredited by JAS-ANZ as meeting all the requirements of ISO/IEC Guide 65; JAS-ANZ Procedures 3, 11 and 15; and these CoC scheme rules shall issue accredited certificates against AS 4707.

6. Disclaimer

6.1 It is the responsibility of a supplier seeking certification to AS 4707 to verify the accreditation status of the chosen certification body, by either requesting a copy of their accreditation schedule (or acknowledgement of application); by contacting JAS-ANZ in writing or by phone; or by searching the JAS-ANZ Register, which is available on-line at www.jas-anz.com.au.

7. Organization (ISO/IEC Clause Guide 65, 4.2)

7.1 The committee established by the certification body to safeguard its impartiality shall include members representing the following interests:

- a) manufacturers (including transformation of processed forest products) and supply chain traders of forest-based products, including their trading partners;
- b) purchasers and specifiers;
- c) consumers and end users;
- d) conformity assessment experts.

8. Quality system (ISO/IEC Clause Guide 65, 4.5)

8.1 The certification body's procedures for internal audits shall be based on the provisions of ISO 19011.

9. Conditions for certification (ISO/IEC Guide 65, Clause 4.6)

9.1 The certification body shall have documented procedures for:

- a) the initial audit of a supplier's CoC system (including preparation and reporting), in accordance with the provisions of ISO 19011;
- b) surveillance and recertification of a supplier's CoC system in accordance with ISO 19011 for continuing conformity with relevant requirements and to verify and record that a supplier takes timely corrective action to correct all nonconformities; and
- c) identifying and recording nonconformities and the need for timely corrective action by suppliers for such items as incorrect references to the certification or misleading use of certification information.

9.2 Certification shall not be granted to the supplier until there is sufficient evidence to demonstrate that the arrangements for management review and internal audit have been implemented, are effective and are being maintained, and one complete internal audit and review program covering all processes of the CoC system has been conducted.

9.3 The certification body's procedures for suspending, withdrawing or reducing the scope of certification for a supplier shall specify the subsequent actions by the certification body, which shall include at least:

- a) under suspension, the supplier's CoC certification is temporarily invalid for a period defined by the certification body (not normally exceeding 6 months);
- b) failure to resolve the issues that have resulted in the suspension in the defined time shall result in withdrawal of certification, or reduction in the scope of certification;
- c) the certification body shall reduce the supplier's scope of certification to exclude the parts not meeting the requirements, when the supplier has persistently or seriously failed to meet the certification requirements for those parts of the scope of certification;
- d) the certification body shall inform AFS Ltd in writing (by email, letter or fax) within five (5) working days of any suspension, withdrawal, or reduction in the scope of a certification, or where there are any changes in decisions relating to the status of certification of a supplier, and the reasons for those decisions. The certification body shall seek acknowledgment from AFS Ltd of receipt of the advice.

9.4 The certification body shall have enforceable arrangements with the certified supplier to ensure that:

- a) if suspended, the supplier refrains from further promotion of its certification, or selling products with CoC certification claims;

b) if certification is withdrawn, the supplier discontinues its use of all advertising matter that contains any reference to its CoC certified status and discontinues the sale of products with CoC certification claims.

9.5 The certification body shall make publicly accessible advice of suspensions, withdrawals and reductions within 10 working days of the decisions coming into effect, and if requested, unequivocally state the status of a supplier's CoC certification as being suspended, withdrawn or reduced.

10. Confidentiality (ISO/IEC Guide 65, Clause 4.10)

10.1 The confidentiality requirements do not apply to contact information for the certified supplier, products covered by the chain of custody certification, validity of the certification, or information which is requested by AFS Ltd and is necessary for the administration and governance of the CoC scheme.

11. Certification body personnel (ISO/IEC Guide 65, Clause 5)

11.1 The certification body's auditors and technical experts used in the CoC certification process, whether they are employees, employed on contract or provided by external bodies, shall comply with the relevant training, education and experience requirements in Clause 11, to ensure that they have the technical knowledge of the certification process and issues related to CoC certification.

11.2 Auditors shall meet the relevant requirements of ISO 19011.

11.3 Technical experts within the audit team are not required to comply with all the requirements for auditors in ISO 19011, but shall meet the requirements of ISO 19011, Clause 7.2.

11.4 All auditors and audit team leaders shall possess the competencies identified in ISO 19011, Clauses 7.3.1 to 7.3.3, and meet the levels of education, work experience, auditor training and audit experience specified in ISO 19011, Table 1.

11.5 A minimum of three years of the five year period of work experience specified in Table 1 shall involve full-time practical work at a professional or semi-professional level in the wood or forest products sector which contributes to the competence requirements specified at Clause 11.9. The number of years of total work experience may be reduced by one year, if the auditor has completed tertiary education in the wood or forest products sector.

11.6 To initially qualify as a CoC auditor, the auditor shall:

a) perform at least four CoC audits under the leadership of a qualified CoC auditor, within the three years immediately prior to qualification. These audits should be of different suppliers; and

b) successfully participate in CoC training which is recognised by AFS Ltd.

11.7 To maintain qualification as a CoC auditor, the auditor shall perform a minimum of five external audits per year, including at least two CoC audits.

11.8 The audit team shall collectively possess knowledge and understanding of the following subjects as they apply to the wood and forest products sector. A team may consist of one person if that person has the knowledge and understanding at a) to j) of:

- a) forest management practices including procurement and marketing of wood or forest-based products;
- b) inventory, stock, or logistics control;
- c) processing and manufacturing or conversion of wood products (eg. from round to solid, paper or board products), including measurements and control measures;
- d) the retail and wholesale timber industry;
- e) material flows including raw material flows in different stages of processing and trading of wood or forest products;
- f) principles and requirements of AS 4707;
- g) the application of management systems to wood or forest-related industries and interactions between their components;
- h) information systems and technology for authorisation, security, distribution and control of documents, data and records;
- i) application of CoC logos and other product labels and claims as defined in AFS Ltd's Logo Use Rules Manuals; and
- j) application of measures to avoid procurement of raw material from sources inconsistent with AFS criteria, including the relevant risk assessment methodology and indicators.

11.9 The personnel who manage the certification body's CoC certification program shall have a reasonable understanding of the Australian Forest Certification Scheme.

11.10 The knowledge and understanding specified at Clause 11.8 may be demonstrated through educational qualifications, sector-specific training and/or on-site experience, or a combination of these.

11.11 The certification body shall be able to demonstrate using two or more of the methods specified in ISO 19011, Table 2 that the level of competence required of an auditor selected to be part of an audit team is appropriate to the objectives and

scope of the particular audit in which he/she participates. One of the methods shall include observation via witnessed audits.

11.12 In selecting the audit team, consideration should be given to ISO 19011, Clause 6.2.4 and any sector-specific competence necessary to meet the audit objectives; see Clause 11.8.

11.13 The certification body shall ensure that all personnel involved in the following certification activities have the knowledge and competencies corresponding to their activities:

- a) assess applications and conduct contract reviews;
- b) select auditors and verify their competence;
- c) brief auditors and arrange any necessary training;
- d) implement procedures for audits;
- e) decide on the granting, maintaining, withdrawing, suspending, extending, or reducing of certification; and
- f) set up and operate appeals, complaints and disputes procedures.

11.14 The certification body shall have procedures to ensure that each auditor and audit team leader is fully evaluated on-site by a competent CoC audit team leader, or a competent audit team leader from another discipline assisted by a CoC auditor or technical specialist; and found to be competent prior to authorising the auditor or audit team leader to audit unsupervised.

11.15 Full evaluation means, where appropriate, evaluating the auditor's or audit team leader's planning, leading and auditing skills and technical knowledge as applicable, and documenting the evaluation. This should include evaluation against all of the technical elements of AS 4707, as well as the following:

- a) the auditor's ability to comprehend the supplier's operational context (including language, if applicable);
- b) the auditor's knowledge and understanding of applicable laws and regulations and other requirements relevant to wood procurement and avoidance of raw material from sources inconsistent with AFS criteria, to demonstrate coverage of:
 - contracts and agreements;
 - international treaties and conventions relating to forest products trade; eg. Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

11.16 Conversion from auditor to audit team leader status may only require a partial evaluation where a previous evaluation verified the auditor's auditing skills and technical competence.

11.17 A positive written report on an audit witnessed by JAS-ANZ may be used to demonstrate meeting the requirements at Clauses 11.14 to 11.16 within the scope of the witnessed audit.

11.18 If a certification body uses technical experts, its systems shall include details of how technical experts are selected and how their technical knowledge is assured on a continuing basis. The certification body may rely on outside help, for example, from industry or professional institutions or associations. Technical experts shall not perform an independent auditing function within the team and shall be supervised by an auditor who meets the certification body's generic competence criteria for auditors, and at all times work in close co-operation with such an auditor.

11.19 The certification body shall assess the conduct of a technical expert the first time he/she is used to assist with an audit; and subsequently monitor and keep records of his/her performance.

11.20 The certification body should establish the frequency of witnessing activities to take account of the criticality and volume of the work being undertaken, the experience and performance history of the auditors/technical experts and any data obtained from other types of monitoring activity such as review of audit reports and market feedback.

11.21 All audit teams operating on-site shall include a member who is an audit team leader, whether a CoC audit team leader or an audit team leader as defined in ISO 19011; e.g. QMS, EMS, etc.

11.22 The group or individual that makes the decision on granting, maintaining, withdrawing, suspending, extending, or reducing certification shall understand AS 4707 and the CoC scheme rules, and shall have demonstrated competence to evaluate the audit processes and related recommendations of the audit team.

12. Application for certification (ISO/IEC Guide 65, Clause 8)

12.1 The certification body shall require that a supplier acknowledges in writing that:

- a) the certification body is responsible for verifying the whole CoC system, and the proportion of certified wood and forest product in each link of the certification chain;
- b) the certification body validates and monitors the supplier's use of CoC logos and marketing claims; and
- c) the certification body may cancel the supplier's right to use CoC logos or make CoC marketing claims where it has transparent and sufficient reasons to conclude that misuse has occurred (refer Clauses 9, 18.1 and 18.2).

12.2 The following information shall be provided by the supplier prior to the on-site audit:

- a) general information concerning the CoC system and the activities it covers, and where relevant, human and technical resources;
- b) a description of the CoC system to be certified; and
- c) a copy of the documentation of the core processes of the CoC system.

12.3 The certification body shall require its certified suppliers to ensure that the information supplied under Clause 12.2 a) to the certification body is kept up to date.

12.4 Group certification is only permitted where all of the following apply:

- a) the members of the group are all managers of 'small' forests (as defined in the AS 4708), and have previously been accepted for certification to the AS 4708 as a group;
- b) the scope of certification is restricted to harvest and transport arrangements from the group forests to one or more mills;
- c) the certification body signs an agreement with a legal entity that represents all members of the group. The entity may be one member of the group and shall provide for clear membership and commitment to comply with the CoC system covering all the group's members; and
- d) policies and procedures adopted by the group are endorsed by all members and their agreement is maintained on a consent register.

12.5 Rules for group certification:

- a) each member in the group shall go through the certification process concurrently and shall operate on essentially similar documentation and procedures. Each supplier shall be ready to undergo initial (and subsequent) audits at the same time;
- b) the audit duration for each member of the group shall be in accordance with Annex 1. If the group numbers change, then the total audit duration (and possibly the certification body's fees) will change accordingly;
- c) the legal entity referred to in Clause 12.5 c) shall be the applicant and act as the contact point and coordinator for all communications and audit planning with the certification body;
- d) a combined audit report may be provided covering all suppliers in the group; and
- e) acceptance of a group is at the discretion of the certification body.

12.6 Certification based on auditing of a sample of suppliers comprising a group is only permitted where all the requirements of Annex 2 can be applied to the group. For example, the legal entity referred to in Clause 12.4 c) shall have the same authority and powers (eg. to require all members to take corrective action) as the central office referred to in Annex 2.

13. Preparation for audit (ISO/IEC Guide 65, Clause 9)

13.1 The supplier shall be informed of the names of the members of the audit team who will carry out the audit, with sufficient notice to appeal against the appointment of any particular auditors or technical experts. The plan for and the date of the audit shall be agreed with the supplier.

13.2 The certification body shall have documented procedures for contract review. In particular, and as part of the contract review process applied to each application for certification, the certification body shall:

- a) review the outcomes of observations and discussions during any pre-audit site visits;
- b) review any legal requirements that may impact on the CoC system;
- c) confirm the availability of the required audit team competencies;
- d) calculate the audit duration - Annex 1 and Annex 2, Clause 7 refer; and
- e) for a multi-site supplier, identify the range of activities covered by the CoC system to be certified and any differences between sites as the basis for determining the level(s) of sampling - Annex 2 refers.

13.3 The contract review process shall begin prior to the stage 1 audit referred to at Clause 14.1, to ensure that the correct audit duration is calculated, and that as far as possible, personnel with technical and other competencies conduct all aspects of the audit, including the stage 1 audit and document review. The outcomes of the initial contract review process shall be confirmed (and may be amended) as a result of the findings at the stage 1 audit, in preparation for the stage 2 audit.

14. Audit (ISO/IEC Guide 65, Clause 10)

14.1 A certification body shall perform its initial audit (but not necessarily its surveillance audits and recertification audits) of an supplier's CoC system in at least two stages (the stage 1 audit and the stage 2 audit) at the supplier's office(s) and site(s), unless it can justify conducting the stage 1 and stage 2 audits during the same on-site visit. Adapting the certification process to the needs of very small suppliers may provide justification.

14.2 During the stage 1 audit, the certification body shall:

- a) review the supplier's documented policies, procedures, and other relevant documents and records. This review may be conducted on- or off-site. In every case the document review shall be completed before beginning the stage 2 audit;
- b) confirm or update the output of the contract review required at Clause 13.2;
- c) verify the scope of the audit and confirm that adequate resources, including the necessary competence, has been identified and sourced for the stage 2 audit;
- d) review the means by which the concept of continual improvement is realised;
- e) obtain information on procedures and records of audit and review programs, document control, and corrective/preventive action; and
- f) confirm whether the supplier is eligible for multi-site sampling according to the criteria in Annex 2.

14.3 The stage 1 audit shall include an on-site audit component, but not necessarily covering all sites that are to be sampled in a multi-site certification.

14.4 The stage 2 audit always takes place at the supplier's site(s). The scope of the stage 2 audit is to:

- a) confirm that the supplier adheres to its own policies, objectives and procedures;
- b) confirm that the CoC system conforms with all the requirements of AS 4707 and is achieving the supplier's policy objectives for operating an effective CoC system;
- c) verify the proportion of certified wood or forest product under the supplier's control;
- d) verify that a claim regarding the origin of wood or forest products from a certified forest by the supplier is supported by an unbroken chain of CoC logos for each preceding link in the chain, back to the certified forest or source of origin;
- e) to determine the extent of conformity of the supplier's CoC process with requirements for the avoidance of raw material from sources inconsistent with AFS criteria, where applicable;
- f) to determine the extent of conformity of the supplier with the requirements for logo usage; and
- g) to identify areas for potential improvement of the supplier's CoC system.

14.5 To do this, the stage 2 audit shall focus on the supplier's:

- a) inventory control and accounting of raw material flow, including physical separation and marking of raw materials;
- b) use and control of CoC logos, and reconciliation of CoC logos with respective products;
- c) statements by the CoC logo holder, and any marketing claims;
- d) internal audit and review programs; and
- e) senior management responsibility for the CoC system policy.

14.6 The certification body shall have documented procedures for determining audit duration which comply with Annex 1. The audit duration determined by the certification body, and the basis of the calculation, shall be recorded. The certification body shall be prepared to substantiate or justify the amount of time used in any audit.

15. Audit report (ISO/IEC Guide 65, Clause 11)

15.1 A report on the stage 1 audit shall be presented to the supplier prior to the stage 2 audit.

15.2 The content of all reports on stage 2 audits, surveillance audits and recertification audits shall:

- a) include a recommendation on certification or maintaining certification by the audit team to the certification body;
- b) include a summary of the most important observations, positive as well as negative, regarding the implementation and effectiveness of the CoC system;
- c) allow for traceability of the objective evidence upon which the evaluation was based to establish conformance or nonconformance with the requirements of the clauses of AS 4707;
- d) define the optional requirements in AS 4707 which are applicable to the audit of the supplier;
- e) identify the parts of the supplier, processes and production batches and products covered by the chain of custody;
- f) where possible, include suggestions for continual improvement; and
- g) document the degree of reliance that can be placed on the supplier's internal audit and review program.

15.3 Completed questionnaires/checklists/observation logs/auditor notes/photos might form an integral part of the reports referred to above. If these methods are used, these documents shall be retained by the certification body for at least one certification cycle as evidence to support the certification decisions.

16. Decision on certification (ISO/IEC Guide 65, Clause 12)

16.1 Certification documents shall include the effective date of certification and the expiry date. The effective date shall be on or after the date of the formal decision by the certification body. For accredited certification, the certification documents shall bear the accreditation symbol of JAS-ANZ along with the certification body mark in accordance with JAS-ANZ procedures.

16.2 Certification bodies shall categorise any nonconformities as major or minor, and report any opportunities for improvement as observations, according to the definitions in section 3. Certification cannot be awarded until all nonconformities are corrected, and the corrections verified by the certification body. If this process takes more than 6 months, a new audit may be required in order to achieve certification.

16.3 The certification body shall advise AFS Ltd in writing (by email, letter or fax) of the results of a successful initial audit within five (5) working days of making the decision to certify the supplier, and forward a hard copy of the accredited certificate(s) and the report summary mentioned at Clause 15.2 b) to AFS Ltd by the most suitable means. The certification body shall seek acknowledgment from AFS Ltd of receipt of the advice and documents.

16.4 The expiry date of a certification should be compatible with arrangements for recertification based on a 3 year term.

16.5 The certification documents and publicly accessible information shall include in the scope of certification at least the following:

- a) the version of AS 4707 valid when the certification was granted;
- b) the system of CoC verification in use by the supplier (inventory control and accounting of raw material flow, including physical separation and marking of raw materials);
- c) if the inventory control and accounting of raw material flow system is used, which approach for calculating the percentage of certified material within the output batch is used (percentage input/output system, or rolling average percentage system);
- d) production batches and products covered by the CoC certification;
- e) where the system of CoC verification applied to individual production batches varies, the scope shall be identified for individual production batches.

16.6 In meeting the requirements at clauses 16.5 d) and e), the certification body shall update the certification documents at least annually. The certification body shall also be able if requested, to unequivocally state the current scope of a supplier's CoC certification.

17. Surveillance and recertification (ISO/IEC Guide 65, Clause 13)

17.1 Surveillance and recertification procedures shall be consistent with those concerning the initial audit of the supplier's CoC system as described in this document.

17.2 After initial certification, surveillance audits of the CoC system shall be conducted no less than once every twelve months. The surveillance cycle should be programmed from the completion of the last visit associated with the initial audit.

17.3 At each surveillance, the certification body shall check the following and interview the responsible managers including senior management within the supplier:

- a) the system maintenance elements, which are internal audit and review programs, and preventive and corrective action;
- b) the functioning of procedures for receiving, documenting and responding to relevant complaints and communications from external parties;
- c) progress of planned continual improvement activities;
- d) action taken on nonconformities and opportunities for improvement (observations) identified during the last audit;
- e) use of certification documents and logos, and control of CoC logos;
- f) records of appeals, complaints and disputes related to the certified supplier brought before the certification body; and where any nonconformity or failure to meet the requirements of certification is revealed, that the supplier has investigated its own systems and procedures and taken appropriate corrective action;
- g) verification of origin
- h) senior management responsibility for the CoC system policy.

17.4 The certification body shall maintain certification based on demonstration that the supplier continues to satisfy the requirements of AS 4707. It may maintain a supplier's certification based on a positive conclusion by the audit team leader without further independent review, provided that:

- a) for any nonconformity or other situation that may lead to suspension or withdrawal of certification, the certification body has a system that requires the audit team leader to report to the certification body the need to initiate a

review by appropriately competent personnel (see Clause 11.22), different from those who carried out the audit, to determine whether certification can be maintained; and

- b) competent personnel of the certification body monitor its surveillance activities, including monitoring the reporting by its auditors, to confirm that the certification activity is operating effectively.

17.5 After three years, the certified supplier must be recertified in order to maintain certification. The recertification audit shall include a review of past implementation and continuing maintenance of the system over the period of certification. The recertification program shall take into consideration the results of the recertification audit review and shall at least include a review of the CoC system documents and a site audit (which may replace and/or extend a regular surveillance audit). It shall ensure:

- a) the effectiveness of the CoC processes;
- b) the overall effectiveness of the entire CoC system in the light of changes in operations;
- c) demonstrated commitment to maintain the effectiveness of the CoC system;
- d) achievement of continual improvement objectives and targets.

18. Use of licences, certificates and marks (ISO/IEC Guide 65, Clause 14)

18.1 Clause 3.1 of AS 4707 states that the tasks of a certification body include:

- a) issuing, monitoring and withdrawing of CoC certificates;
- b) advice on the issue and withdrawal of CoC certificates to AFS Ltd;
- c) monitoring and control of the use or misuse of CoC certificates including the certificate holder's statements and any market claims.

18.2 In practice, Clause 18.1 is interpreted as follows: AFS Ltd has developed rules and guidance on the use of the CoC logo – the AFS Logo Use Rules Manual and the PEFC Logo Use Rules Manual. The certified supplier has the right to produce and use CoC logos complying with the requirements in the Manuals under a licence agreement from AFS Ltd; but this right is granted (and may be withdrawn) by the certification body. The certification body is also responsible for validating and monitoring CoC logo use and marketing claims by the certified supplier as defined in the Manuals. These activities are separate from other accreditation requirements applying to the certification body's own certification documents and logos.

18.3 The supplier shall seek and receive documented approval from its accredited certification body for every CoC logo use and CoC claim, prior to the labels or material being first printed or used.

18.4 Each approval received from the certification body to use a CoC logo or make a CoC claim shall specify the scope of approval including the product(s) and production batch(es) to which approval applies. Further printing or use of approved CoC logos and/or approved CoC claims can be undertaken without seeking approval for each instance of CoC use.

**19. Access to records of communications with external interested parties
(ISO/IEC Guide 65, Clause 15)**

19.1 The certification body shall require each certified supplier to make available to the certification body, when requested, the records of all communications with external parties, including (but not limited to) complaints and corrective action taken in accordance with the requirements of AS 4707.

Changes to this Chain of Custody Scheme Rules

This Chain of Custody Scheme Rules may change from time to time.
These rules were approved on 17 September 2008 as Issue 3.

Annex 1 – Audit duration

1. This Annex provides guidance on the amount of time required by the certification body for assessing suppliers of various sizes. It does this by indicating the number of auditor-days to be spent on-site by the certification body at each supplier for stage 1 and 2 audits, annual surveillance and recertification audits.

2. It is clearly understood that some suppliers of a particular size will need more time. If the supplier holds accredited certification to a recognised management system standard (e.g. ISO 9001, ISO 14001, AS 4708, AS 4801), then the auditor days may be reduced by a maximum of 25%, based on the confidence derived from the other certification process and outcome.

3. In determining the audit duration, the certification body shall consider the following factors:

- a) size and complexity of the supplier's operation, number of product types and product lines covered by the production batch and their unity;
- b) extent of supplies which could create a high risk of procurement of raw material from sources inconsistent with AFS criteria;
- c) extent of CoC logo labeling activities;
- d) any outsourcing of any activities included in the scope of AS 4707;
- e) the results of any prior audits, including internal audits of the supplier's CoC system.

4. The table below depicts *minimum* on-site auditor days to perform the actual audit, including entry and exit meetings. The times are based on an 8 hour working day including 1 hour for lunch, and exclude all activities other than auditing. The times are to be regarded as true minimums: planning, preparation, travel time and reports (even if written on-site in conjunction with the audit) are not to be included. Where two or more team members work together (e.g. auditor plus technical expert), that time shall be counted as if a single auditor was involved.

5. The times do not allow for multi-site sampling. Where a supplier has a network of sites to be sampled according to Annex 2, times must be increased accordingly.

Auditor Day Table for AS 4707

Descriptor	Stage 1	Stage 2	Surveillance (annual)	Recertification
Timber mill; retail or wholesale timber outlet; processor or manufacturer other than paper or particle board (single site)	0.5	0.75	0.5	0.75
Paper or particle board or plywood manufacturer (single site)	0.5	1	0.75	1
Roundwood producer (1 office and 1 harvesting site)	0.5	1	0.75	1
Independent transport operation (1 office and several trucks)	0.5	0.75	0.5	0.75
Any other very small operation*	-	0.75	0.5	0.75

* Stage 1 and 2 audits may be combined.

Annex 2 – Multi-site certification

1. Introduction

1.1 This Annex contains criteria for the audit and, if appropriate, the certification of suppliers with a network of sites, thus ensuring that the audit provides adequate confidence in the conformity of the supplier, while being practical and feasible in economic and operative terms.

1.2 This appendix includes only requirements for certification bodies for the audit and certification of multi-site suppliers. Requirements for multi-site suppliers are included at Annex E of AS 4707. Certification bodies shall ensure that multi-site suppliers comply with all the requirements of Annex E.

2. Definitions

2.1 As for AS 4707, Annex E; plus: a set of sites within a multi-site supplier all of which produce or handle essentially the same kinds of products according to fundamentally the same methods or procedures. A supplier may apply for a single multi-site CoC certification document to cover several sets of sites producing or handling different products. In this case, the sets of sites must be identified and sampled separately. See Clause 6.6 of this Annex.

3. Eligibility criteria for the multi-site supplier

3.1 As for AS 4707, Annex E, including specified responsibilities for the central office and sites.

4. Eligibility criteria for the certification body

4.1 The certification body shall identify the central function of the supplier which is its contractual client for the performance of the certification.

4.2 The certification body shall provide information to the multi-site supplier about the criteria in this Annex before starting the audit process, and should not proceed with it if any of the criteria are not met. Before starting the audit process, it shall inform the supplier that the certificate will not be issued if during the audit, major nonconformities in relation to these criteria are found.

4.3 The certification body's procedures shall ensure that the initial contract review identifies the complexity and scale of the activities covered by the CoC system to be certified and any differences between sites as the basis for determining the level of sampling.

4.4 The certification body should check to what extent the sites of a supplier have similar wood flow which enables them to implement the CoC system in a similar manner. Only after a positive examination by the certification body that all the sites

proposed for inclusion in the multi-site exercise meet the criteria may the sampling procedure be applied to the individual sites.

4.5 If all the sites of a multi-site supplier where the activity subject to certification is performed are not ready to be submitted for certification at the same time, the supplier shall be required to inform the certification body in advance of the sites that it wants to include on the certificate.

4.6 The certification body shall have documented procedures to deal with audits under its multi-site procedure, and to ensure its compliance with all the requirements of this Annex. Such procedures shall establish the way the certification body satisfies itself that all the eligibility criteria for the multi-site supplier in AS 4707, Annex E are met. In particular, the rationale for any multi-site sampling decisions, including the basis for calculating audit durations shall be clearly documented and maintained up to date by the certification body so that their basis is readily traceable.

4.7 If more than one audit team is involved in the audit or surveillance of the network, the certification body shall designate a unique audit leader whose responsibility is to consolidate the findings from all the audit teams and to produce a single synthesised report.

4.8 When a major nonconformity is found at a site, either through the supplier's audit and review program or from auditing by the certification body, investigation should take place to determine whether other sites may be affected. Therefore, the certification body shall require the supplier to review the major nonconformities to determine whether they indicate an overall system deficiency applicable to all sites or not. If they are found to do so, corrective action shall be performed at the central office and at the individual sites. If they are found not to do so, the supplier should be able to demonstrate to the certification body the justification for limiting its follow-up action.

4.9 The certification body shall require evidence of these actions and increase its sampling frequency until it is satisfied that control is re-established.

4.10 At the time of the decision-making process, if any site has a major nonconformity, certification shall be denied to the whole network pending satisfactory corrective action.

4.11 It shall not be admissible that, in order to overcome the obstacle raised by the existence of a major nonconformity at a single site, the supplier seeks to exclude this site from the scope during the certification process.

4.12 One certificate shall be issued with the name and address of the central office of the supplier. A list of all the sites to which the certification relates shall be issued, either on the certificate itself, or in an appendix, or as otherwise referred to on the certificate. The scope or other reference on the certificate shall make clear that the certified activities are performed by the set of sites listed. If the certification scope of the sites is only part of the general scope of the supplier, its applicability to all the sites shall be clearly stated on the certificate and any appendix.

4.13 A sub-certificate may be issued to the supplier for each site covered by the certification on condition that it contains the same scope, or a sub-scope of that scope, and includes a clear reference to the main certificate.

4.14 The certification will be withdrawn in its entirety, if the central office or any of the sites does not fulfill the necessary criteria for maintaining certification.

4.15 The list of sites shall be kept updated by the certification body. Hence the certification body shall require the supplier to inform it about the closure of any of the sites. Failure to provide such information will be considered by the certification body as a misuse of the certification, and it will act according to its procedures.

4.16 Additional sites can be added to an existing certificate as a result of surveillance or recertification activities (refer Clause 8). The certification body shall have a procedure for adding new sites.

4.17 Temporary sites such as building sites set up by a supplier in order to perform specific works are not to be treated as part of a multi-site operation. Any sampling of the activities performed at such sites will be for the purpose of confirming the activities of the permanent office whose CoC system is subject to certification, not for the purpose of granting certificates to the temporary sites themselves.

5. Sampling methodology

5.1 The sample should be partly selective based on the factors at Clause 5.4 and partly non-selective, and should result in a range of different sites being selected, without excluding the random element of sampling. The sample for all audits shall cover sites which represent all CoC systems and definitions of the raw material origin applied by the individual sites of the supplier.

5.2 At least 25% of the sample shall be selected at random.

5.3 Taking into account the factors mentioned at Clause 5.4, the remainder should be selected so that the differences among the sites selected over the period of certification are as large as possible.

5.4 The site selection criteria should include:

- a) results of the supplier's audit and review programs; previous audits by the certification body; or any existing knowledge of the supplier;
- b) communications from interested parties and other relevant aspects of corrective and preventive action;
- c) significant variations in the size of the sites and number of employees;
- d) variations in work procedures and/or the applied CoC methods;

- e) level of risk of procurement of raw material from sources inconsistent with AFS criteria;
- f) the complexity of material flow of inputs and the CoC system;
- e) modifications since the last certification activity;
- f) geographical dispersion;
- g) any shift working;
- h) the views of interested parties;
- i) any multinational aspects;.

5.5 The central office shall be informed of the sites to be sampled by the certification body. This can be on relatively short notice, but should allow adequate time to prepare for the audit. This selection does not have to be done or notified at the start of the audit process. It can be done once the audit at the central office has been completed.

6. Size of sample

6.1 Initial audit (stage 2): the minimum number of sites to be visited per audit shall be the square root of the number of remote sites ($y=\sqrt{x}$), rounded to the upper whole number.

6.2 Surveillance audit: the size of the annual sample shall be the square root of the number of remote sites with 0.6 as a coefficient ($y=0.6\sqrt{x}$), rounded to the upper whole number.

6.3 Recertification audit: the size of the sample shall be the same as for an initial audit. Nevertheless, where the supplier has proved to be compliant over the previous three years, the size of the sample could be reduced to a factor of 0.8; i.e. ($y=0.8\sqrt{x}$), rounded to the upper whole number.

6.4 In all cases, the central office shall be visited in addition to the number of sites sampled.

6.5 The size of sample should be increased where the certification body's analysis of the activity covered by the CoC system subject to certification indicates special circumstances in respect of factors like those at Clause 5.4 above.

6.6 When the supplier has more than one defined set of sites (e.g. central or head office/branch offices/timber mills/retail outlets), the sampling model defined above applies to each set of sites. Example for initial audit:

1 central office: visited at each audit (initial / surveillance / recertification);
4 branch offices: sample = 2 (including minimum 1 chosen at random);
27 timber mills: sample = 6 (including minimum 2 chosen at random);
170 retail outlets: sample = 14 (including minimum 5 chosen at random).

7. Audit duration

7.1 The certification body must be able to justify the time spent on multi-site audits in terms of its procedures for calculating audit duration. Normally the number of auditor-days per site sampled should be consistent with the relevant number shown in the table in Annex 1. The complexity of the activity is another factor that may be taken into consideration.

7.2 Reductions can be applied to take into account the clauses of AS 4707 that are not relevant to sites and are only examined at the central office. No reduction is permitted for the central office.

8. Additional sites

8.1 On application for new sites to join an already certified multi-site network, the new sites should be considered as an additional set (or sets if activities differ) to determine the sample size. After including the new set(s) on the certificate, the new sites should be added to the previous ones to determine the sample size for future surveillance or recertification audits.