



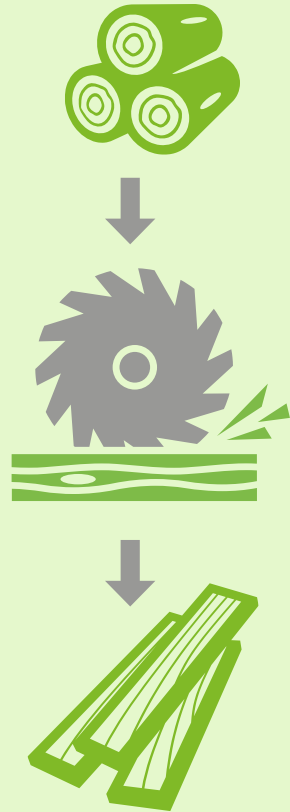
Module 01: Scope & Management System



Scope

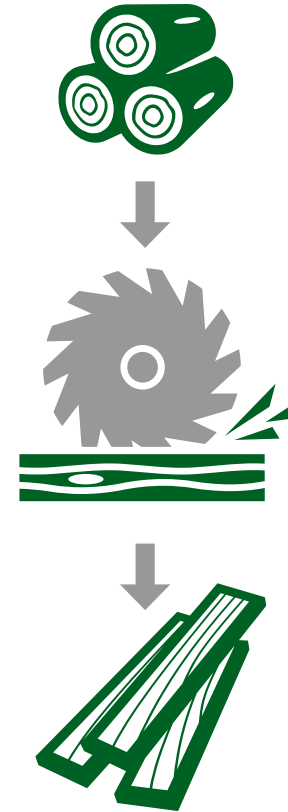
Scope of CoC certification

Chain of Custody scope



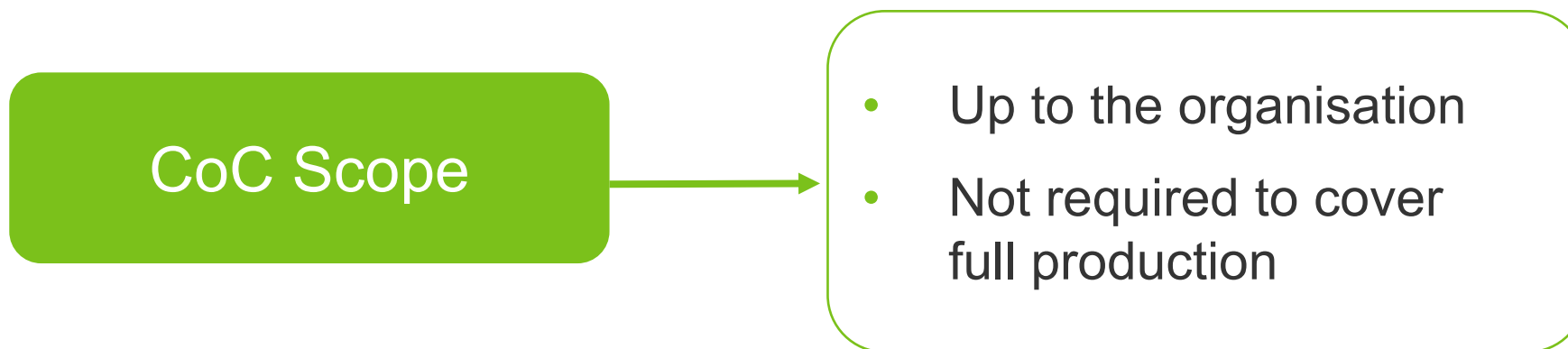
PEFC requirements apply

Outside scope



PEFC requirements do not apply

Scope of CoC certification



And outside the scope...

Where the organisation **knows** or **has received substantiated concerns** that forest- and tree-based materials/products originate in **illegal sources** (controversial sources, 3.7a)

It shall not be placed on the market

For concerns, they can be resolved in accordance with clause 4 of appendix 1.

Scope – Examples

Sawmill

- **Chain of Custody Scope**

Certified spruce timber



- **Outside Scope**

Non-certified spruce timber



Scope – Examples

Packaging converter

- **Chain of Custody Scope**
Certified order



- **Outside Scope**
Any other order



Scope – Examples

Paper mill

- **Chain of Custody Scope**

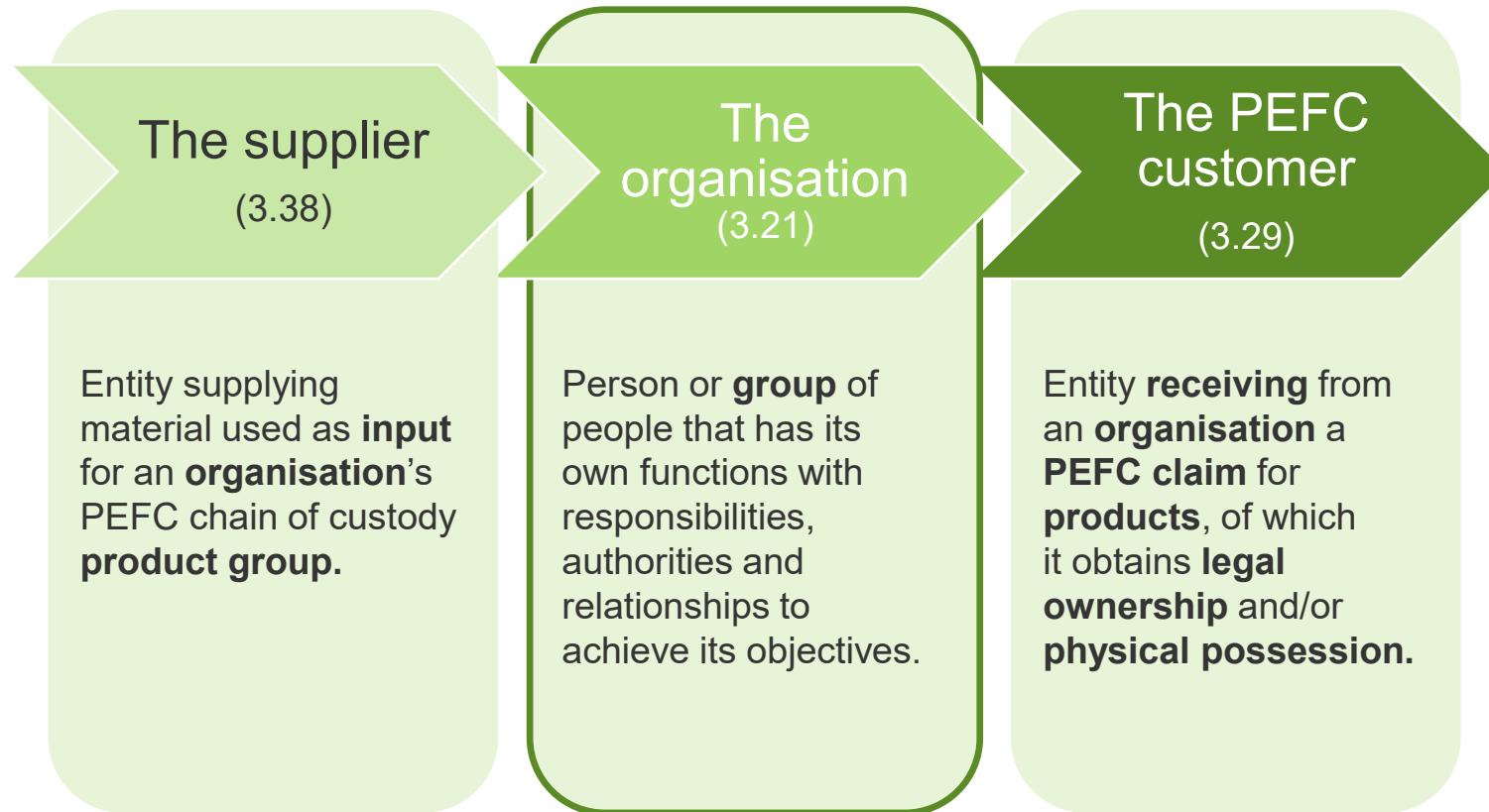
All paper production



- **Outside Scope**

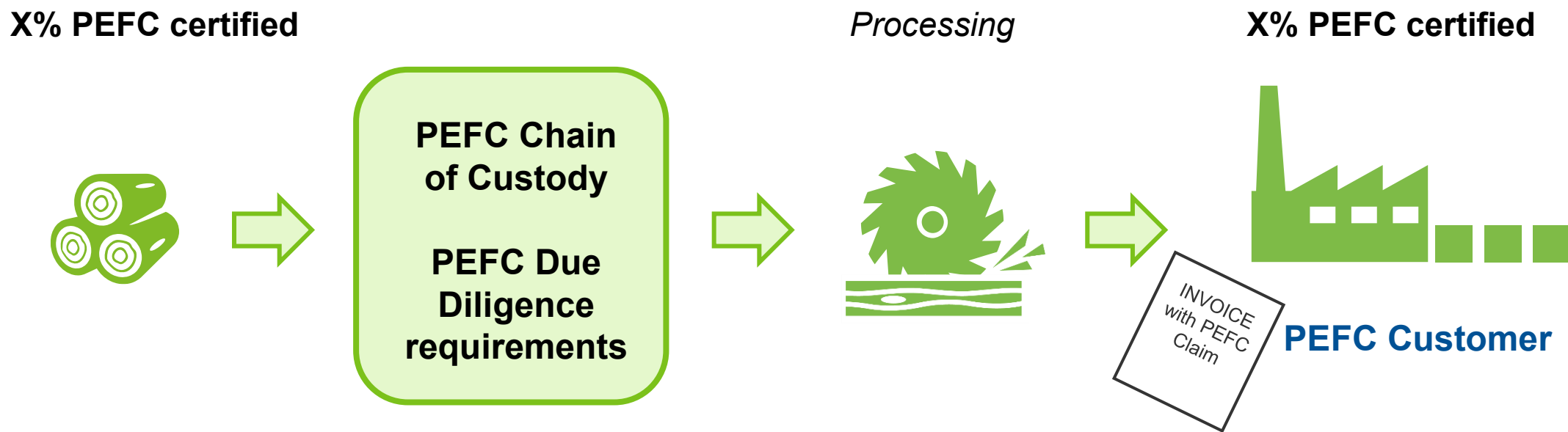
Nothing

Chain of Custody Model



For each delivery, the organisation shall define **one supplier**, and **one PEFC customer**

3.29 PEFC Customer (GD Clarification)



1. Determine the PEFC customer for the claim
2. Identify the type(s) of documents used for communicating PEFC claims
3. A PEFC customer can be a PEFC certified or a non-certified organisation



Management System

What is a management system & why

Where does this chair come from?

I made it from wood I bought in the nearest forest.



Where does this chair come from?

It was assembled in Romania, but its wood originates from different parts of the world.



What is a management system & why

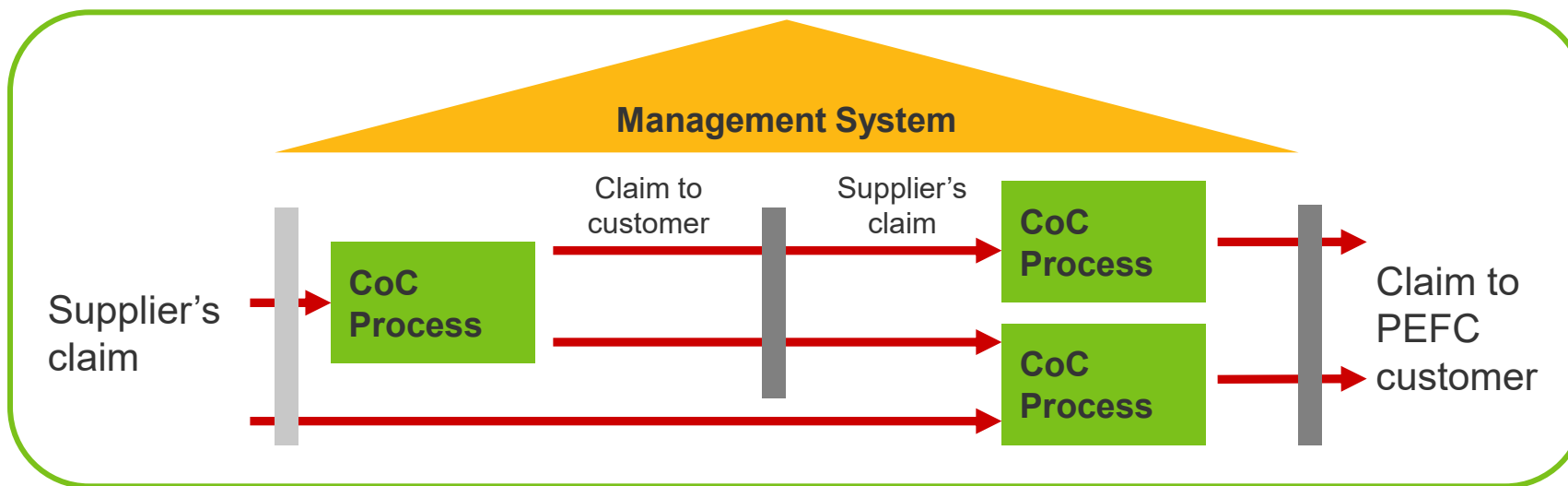
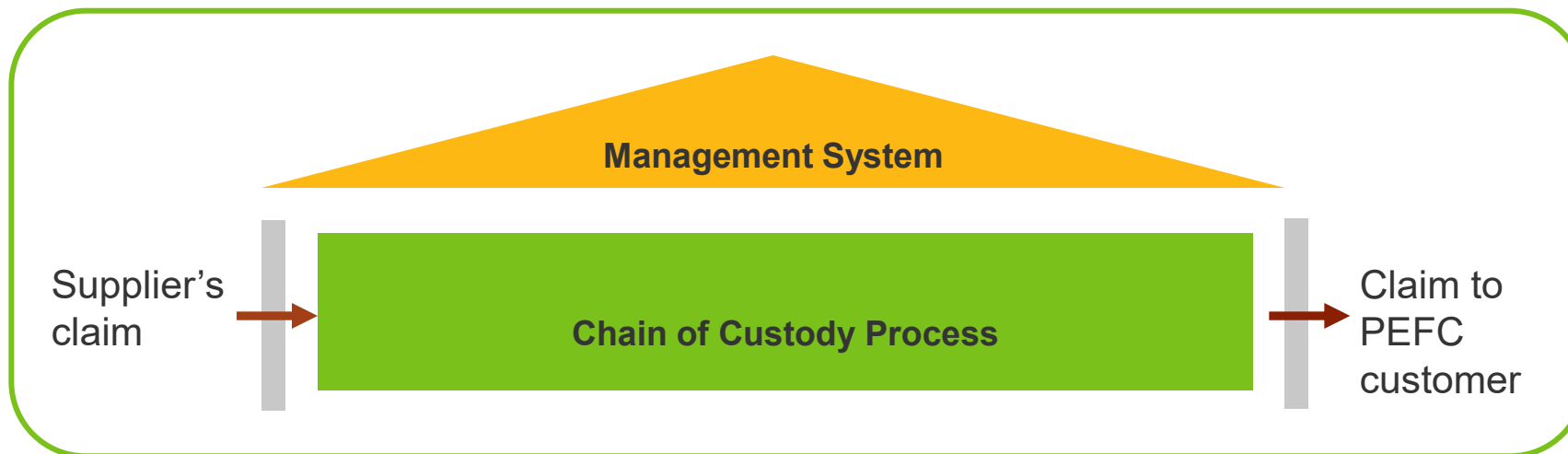
Management system

set of interrelated or interacting elements of an **organisation** to establish **policies** and **objectives** and **processes** to achieve those objectives.

Source: ISO/IEC Directives, ISO Supplement, 6th ed., Appendix 2, cl. 3.4 (2016)



Chain of Custody Management Model



Management System Requirements



Documented Procedures

- Responsibilities & Authorities
- Raw material flow within production/trading processes i.e., defining a **product group**.
- Procedures for PEFC Chain of Custody Processes.



Responsibilities & Authorities

- Commitment to implement and maintain PEFC CoC requirements. Commitment to be made available to personnel, **suppliers, customers**, etc.
- The organisation appoints a member from management responsible for PEFC CoC.
- Appoint personnel responsible for implementing PEFC CoC.



Record keeping

- Keep records for at least **five years or within the legally defined retention period by jurisdiction in the country**:
- Which records?
 - ✓ Suppliers (certificates)
 - ✓ Procured/sold products (claims)
 - ✓ DDS implementation procedures
 - ✓ Internal audits
 - ✓ Complaints and resolutions...

Management System Requirements



Resource Management

- Human resources/ personnel: **training, education, skills.**
- Technical facilities & infrastructure.



Inspection & Control

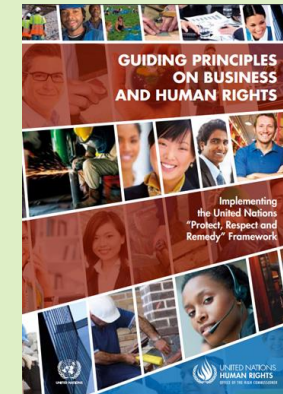
- **Annual internal audits, prior to the initial certification audit including activities covered by outsourcing.**

Guidance doc: ISO 19011



Complaints

- Establish procedures for dealing with complaints from suppliers, customers and other parties...



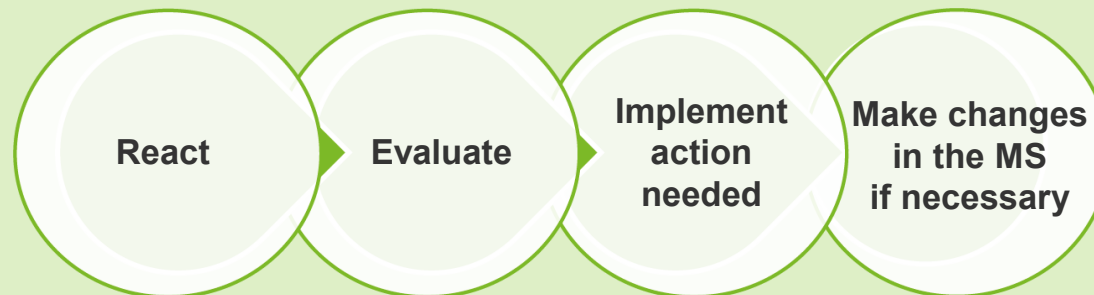
Example of good practice is the UN Guiding Principles on Business and Human Rights, page 33.

Management System Requirements



Non-conformity & Corrective Actions

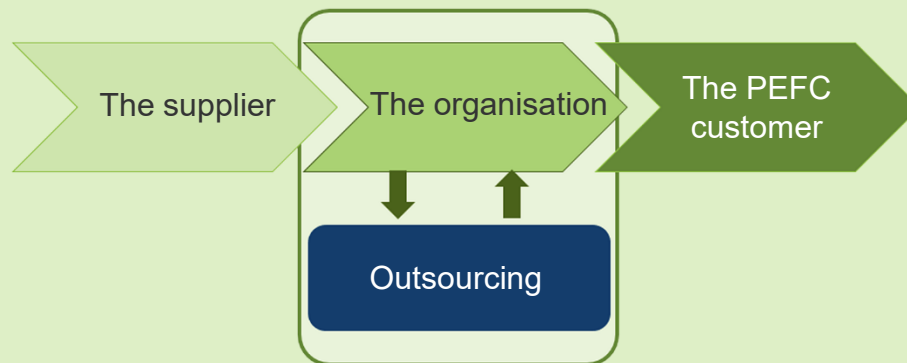
- Non-conformity and corrective actions (4.8)
- When a non-conformity is identified through internal or external auditing, the organisation shall:



Management System Requirements



4.9 Outsourcing



Establish a written agreement between the organisation and another entity to ensure that:

- Separation/no mixing at the entity's site(s)
- Organisation has access to the entity's site(s) for internal and external auditing of outsourced activities.
- Internal audits of outsourced activities be done **annually and before the outsourcing activity starts.**

4.9 Outsourcing



If the outsourced company is on the organization's list of outsourced contractors, but not being used since the last internal audit, then the organisation may be able to justify not including that outsourced contractor in the internal audit round in a particular year. Before reactivating the outsourced contractors, the organisation should evaluate the necessity of an internal audit based on a risk-based approach.

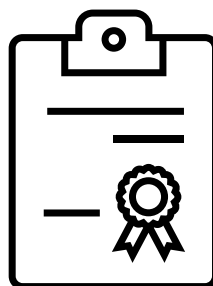
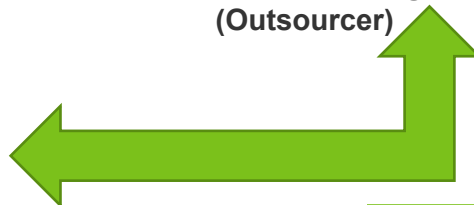


Additionally, if there have been standards changes or other significant changes e.g., national legislation, change of management/ownership, etc the organization should define the necessity of conducting an internal audit, following a risk-based approach, to make sure the outsourcer can remain on the list.

4.9 Outsourcing



New Logging Contractor (Outsourcee)



Certified organisations who engage contractors should undertake an internal audit of any new contractors and should have a mechanism to carry out and record an induction of existing contractors. This induction process should be documented and can be reviewed during the annual internal audit.

- Outsourcing agreement template
- Annual internal audits a must
- Audits can be done remotely where it is feasible and verifiable
- Sampling of outsourcing activities
- It is possible: Annual Internal Audit = Outsourcing Activities + Multi sites



4.9.1 Outsourcing

- The organisation may outsource activities covered by its PEFC chain of custody to another entity.
 - This requirement should be understood as the organisation needs to **maintain the legal ownership of the materials during the outsourced process** and that the outsourced activity is limited to a service.



4.9.2 Outsourcing

- Outsourcing agreement needs to be in place also when outsourcing happens between two companies that are both PEFC CoC certified, and the outsourced work is covered under the PEFC CoC scope of the outsourced company.



Technical document

Version 1
01.12.2020

Template: Outsourcing Agreement

Introduction

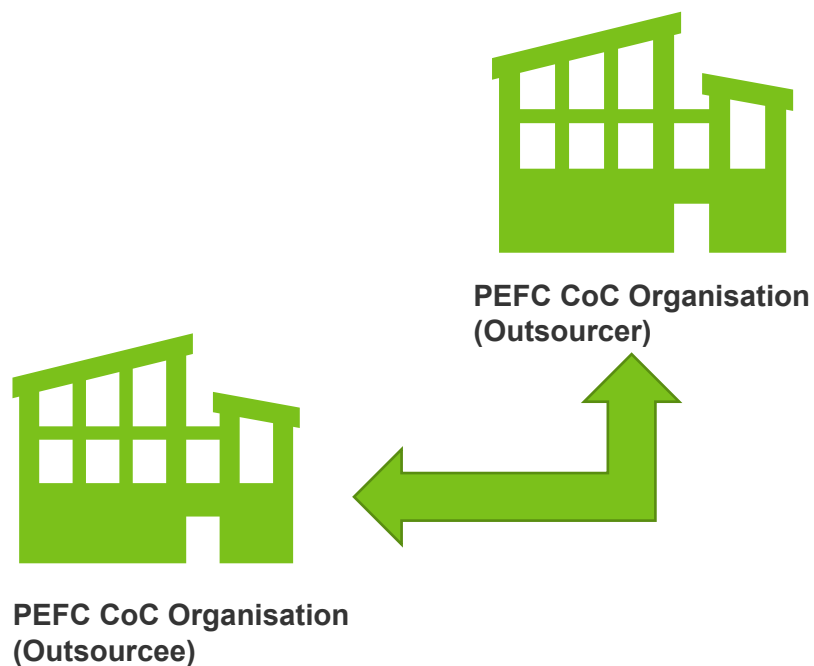
This template for an Outsourcing Agreement has been developed by the PEFC Council in relation to requirement 4.9.2 of the [PEFC ST 2002:2020](#) — Chain of Custody of Forest and Tree Based Products – Requirements. This template should be adapted for the specific purpose and in particular to the applicable legislation (5.1).

PEFC Chain of Custody Outsourcing Agreement between [certified company] and [uncertified company] [date]

[*certified company*], having its registered office at [*address*] and [*uncertified company*], having its registered office at [*address*], herewith enter into an agreement concerning the physical separation, processing and PEFC labelling of specified material/products supplied by [*certified company*] to [*uncertified company*], as referenced in and ruled by sub-section 4.9¹ of [PEFC ST 2002:2020](#), Chain of Custody of Forest and Tree Based Products - Requirements.

Whereas as of [*date*], [*certified company*] is holding a valid PEFC chain of custody certificate with the certificate number [*certificate number*], issued by [*certification body*] and a valid PEFC trademarks usage licence with the licence number [*PEFC/xx-xx-xx*], issued by the PEFC Council or another PEFC authorised body.

4.9.2 Outsourcing



In case the outsourced entity is PEFC certified and the outsourced activity is covered by and included under the scope of its certificate, the outsourced activity will be covered by its certification and therefore an **internal audit by the organisation is not necessary**.

4.9.2 Outsourcing

- When outsourced activities are conducted by multiple contractors (synonymous to subcontractor), the internal audit can be conducted based on the sampling procedure for multi-sites, following a risk-based approach (that includes social issues). If sampling is permitted, following elements should be followed:
- the minimum number of subcontractors for the internal audit should be the square root of the total number of subcontractors, rounded up to the next whole number:
 - $y = \sqrt{x}$
 - y = number of subcontractors for the internal audit
 - x = total number of subcontractors
 - At least 25% of the sample should be selected at random.
 - the subcontractor selection criteria should include among others the following aspects:
 - results of internal audits or previous certification audits
 - records of complaints and other relevant aspects of corrective and preventive action
 - significant variations in the size of the subcontractors and in production processes of the subcontractors
 - modifications since the last certification audit
 - geographical dispersion
 - subcontractors added since the last external audit

Management System Requirements



Social, Health & Safety Requirements

- **Based on ILO Declaration on Fundamental Principles and Rights at Work, 1998**
- Freedom of association and collective bargaining
- Forced labour is not used
- No child labour (legal, 15, compulsory school age)
- Equal employment opportunities and treatment
- Safe and healthy working conditions

4.10 Social, health and safety requirements



The spirit of the UN Declarations of Human Rights should also be met. This is based on the recognition by the ILO that international labour Conventions, in particular those relating to freedom of association, can only be effective if the civil and political rights are enshrined in the Universal Declaration of Human Rights.

4.10 Social, health and safety requirements

- 4.10.1 The organisation shall **demonstrate its commitment** to comply with the social, health and safety requirements defined in this standard. **How?**



By presenting employment contracts, evidence of compliance with applicable legislation of having implemented written policies that would enable the organisation to meet the requirements. One policy could address one or more of these requirements. It is not necessary to have separate policies for social, health and safety requirements.

4.10.2 Social, health and safety requirements



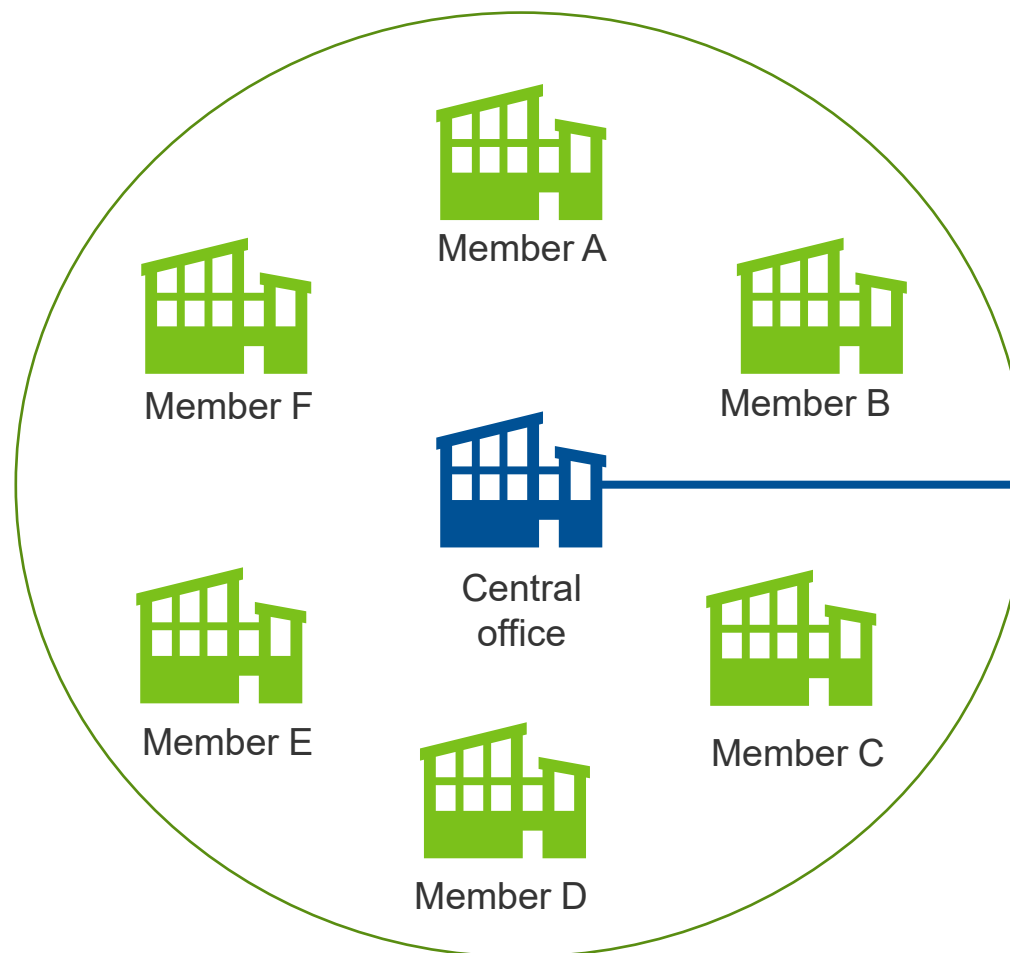
- Requirements also apply to migrant, seasonal and temporary workers.
- Workers are not subject to abusive practices or undue disciplinary procedures.
- If collective bargaining is going to take place, the employer is expected to engage and negotiate.



Producer Groups

What if the organisation is a Producer Group?

Definition: A producer group is a network of typically small independent enterprises that have associated together for the purpose of obtaining and maintaining chain of custody certification.

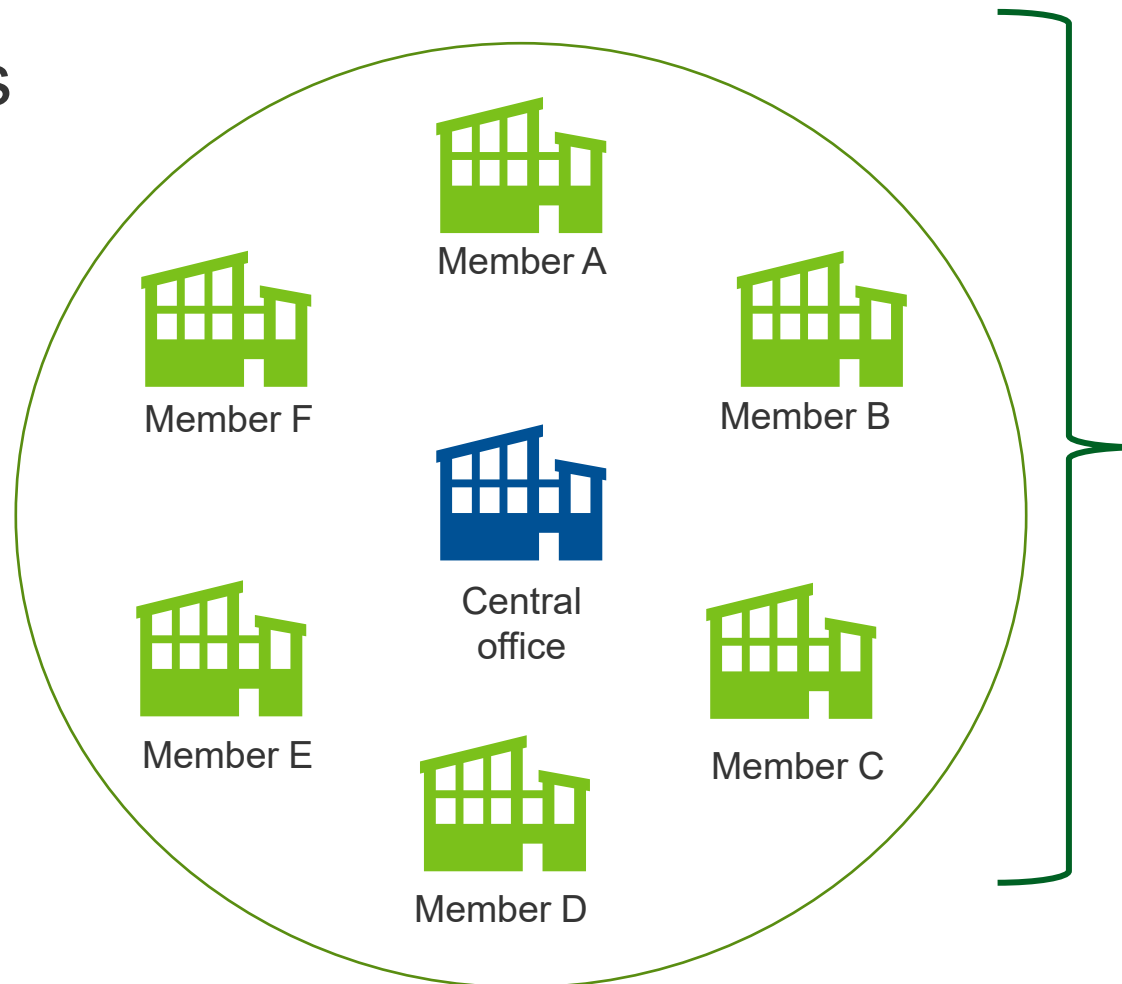


The central office can be a trade association, or any other properly experienced legal entity that is either nominated by a group of intending members or offers a group service managed for the purposes of CoC certification. The central office can also be administered by one member of the group.

A producer group is an example of a multisite organisation according to appendix 2

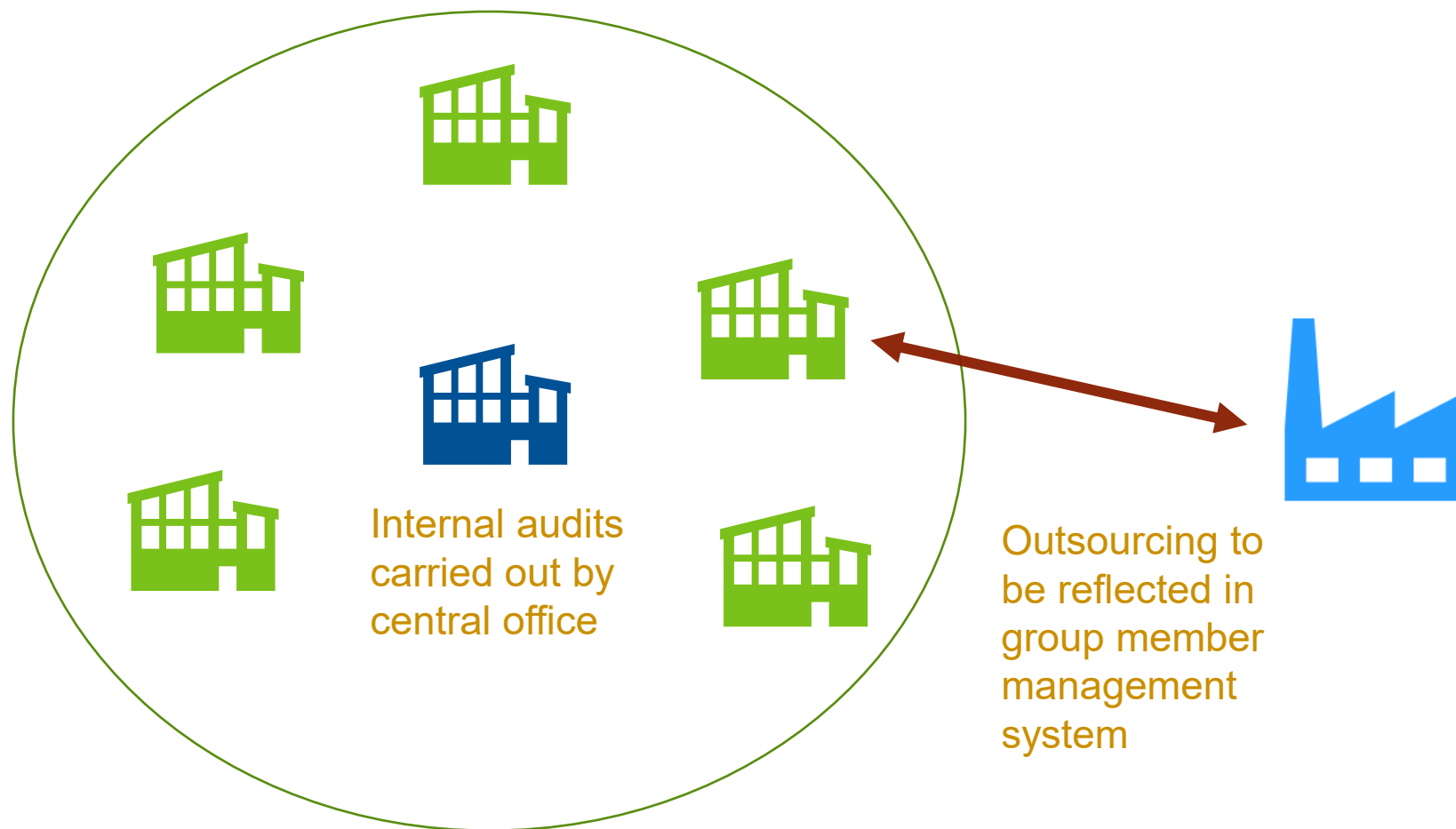
4.1.2 Scope of PEFC CoC Product Group

- Producer groups



the products covered under the scope of the certificate are expected to be specified for **each** individual participant.

4.9.2 Outsourcing for Producer Groups





Some Q&A

Internal Audit – Timing

Q: What type of audit shall the organisation have conducted by the time they are having their initial audit?

A: An internal audit.

The initial audit evaluates the implementation of the requirements of the chain of custody standard.

Internal Audit – Scope

Q: Are internal audits required also for companies with one employee?

A: Yes, an internal audit is required. The organisation, or the one employee in this case, shall at least demonstrate that he/she has undertaken a review of his/her own work and procedures, covering all applicable requirements of the standard.

- The standard does not strictly require compliance with ISO 19011 when it comes to internal audits. ISO 19011 is referenced as guidance at the Note of clause 4.6.1. It would not be necessary to hire a third party for conducting the internal audit.

Outsourcing

Q: Does an organisation have to apply the outsourcing requirements (4.9) if the outsourcing activity is under their PEFC CoC scope?

A: No

Outsourcing requirements do not apply when:

- *an outsourced activity is covered by the other entity's own PEFC CoC system*
- *and when an "outsourced" activity is not covered under production groups/scope of the organisation's PEFC CoC.*

In practice this is usually only required when another entity is PEFC CoC certified to cover the activity in question.

Outsourcing

Question:

A PEFC CoC certified Sawmill engages a new logging contractor to help cut some logs into lumber. How can the sawmill ensure compliance with PEFC ST 2002:2020?

Possible Answers:

- Ensure signing of an outsourcing agreement.
- Conduct an induction/orientation training of different sites of the sawmill. The training activities need to be documented.

Outsourcing

Question:

You are reviewing the documentation of a producer group and notice one of the members has been outsourcing printing services.

The member has not provided any additional information about the printing entity. What kind of information would you request the group member to provide?

Possible Answers:

- Outsourcing Agreement
- Internal audit results of the printing entity.



Questions, Comments, Feedback