**ABNT NBR 14790 - Chain of custody for wood and tree-based products — Requirements**

**Introduction**

**The objective of this Standard is to allow organizations to provide accurate and verifiable information that forest and tree-based products are sourced from certified sustainably managed forests, recycled material, and controlled sources.**

Practical application and certification utilizing this Standard allows organizations to demonstrate their contributions in sustainable resource management and a strong commitment to the UN Sustainable Development Goals (SDG). 1

The goal of communicating the origin of forest and tree-based products is to encourage demand for and supply of these products originating in sustainably managed forests and thereby stimulate the potential for market-driven continuous improvement of the management of the world’s forests.

1. For more information on the UN's SDGs, see https://sustainabledevelopment.un.org.

# Chain of custody for wood and tree-based products — Requirements

## Scope

This Standard establishes the requirements that need to be met by an organization in order to successfully implement a chain of custody for wood and tree-based products, and to make claims to customers about the origin of these products from sustainably managed forests, recycled material, and controlled sources.

These chain of custody requirements describe a process of how to classify forest and tree-based products according to specified material categories in order to provide information about the source of procured raw material for an organization's output products. This Standard specifies three optional approaches for chain of custody: physical separation method, percentage method, and credit method.

This Standard also specifies management system requirements for the implementation and management of the chain of custody process, including requirements on health, safety, and labor issues.

NOTE 1 Appendix A specifies implementation of this Standard by organizations with multiple sites.

NOTE 2 This Standard shall be implemented for the purposes of conformity assessment, and applied together with declarations regarding conformity assessment for wood and tree-based materials. The conformity assessment is considered as product certification and shall follow ABNT NBR ISO/IEC 17065.

NOTE 3 The usage of claims and related labeling, as a result of implementation of this Standard, is based on ABNT NBR ISO 14020. Consideration of recycled material within the chain of custody is based on the requirements of ABNT NBR ISO/IEC 14021.

NOTE 4 The labeling of products is considered as an optional communication tool that may be incorporated into an organization's chain of custody process(es). Where the organization applies the trademarks for on-product or off-product labeling, the requirements for trademark use become an integral part of the chain of custody requirements.

## Normative references

The following referenced documents are cited in the text and are indispensable for the application of this Standard. For dated references, only the cited editions apply. For undated references, the latest edition of the referenced document (including any amendments) applies.

ABNT ISO/IEC Guide 2*, Normalização e atividades relacionadas – Vocabulário geral [Standardization and related activities – general vocabulary]*

ABNT NBR ISO 9000*, Sistema de gestão da qualidade – Fundamentos e vocabulário [Quality management system – essentials and vocabulary]*

ABNT NBR ISO 14021*, Rótulos e declarações ambientais – Autodeclarações ambientais (rotulagem do tipo II) [Labeling and environmental claims – environmental self-declarations (type II labeling)]*

## Terms and definitions

For the purposes of this Standard, the relevant definitions given in ABNT ISO/IEC Guide 2 and ABNT NBR ISO 9000 apply, together with the following definitions.

**3.1**

**ecologically important forest areas**

forest areas:

1. containing protected, rare, sensitive, or representative forest ecosystems.
2. containing significant concentrations of endemic species and habitats of threatened species, as defined in recognized reference lists.
3. containing endangered or protected genetic *in situ* resources.
4. contributing to globally, regionally, and nationally significant large landscapes with natural distribution and abundance of naturally occurring species.

**3.2**

**genetically modified trees**

trees in which the genetic material has been altered in a way that does not occur naturally by mating and/or natural recombination, taking into account applicable legislation providing a specific definition of genetically modified organisms.

NOTE 1 The following techniques are considered genetic modifications that result in genetically modified trees (EU Directive 2001/18/CE):

1. recombinant nucleic acid techniques involving the formation of new combinations of genetic material by the insertion of nucleic molecules produced by whatever means outside an organism, into any virus, bacterial plasmid, or other vector system, and their incorporation into a host organism in which they do not naturally occur but in which are capable of continued propagation.
2. techniques involving the direct introduction into an organism of heritable genetic materials prepared outside that organism, including microinjection, macroinjection, and microencapsulation.
3. cell fusion (including protoplast or somatic fusion) or hybridization techniques in which live cells with new combinations of heritable genetic material are formed through the fusion of two or more cells by methods that do not occur naturally.

NOTE 2 The following techniques are not considered genetic modifications that result in genetically modified trees (EU Directive 2001/18/CE):

1. *in vitro* fertilization.
2. natural processes such as conjugation, transduction, transformation.
3. induction of polyploidy.

**3.3**

**isolated trees**

isolated native tree individuals that are located outside their natural communities, whether these communities are forests or Cerrado landscapes, which do not have contact between their own canopy and that of another individual, and stand out in the landscape as isolated individuals.

NOTE Definition obtained from [6].

**3.4**

**chain of custody**

processes of an organization for handling forest and tree-based products and information related to their material category and making accurate and verifiable claims

**3.5**

**material category**

material with certain characteristics, namely certified material, other material, neutral material, and controlled sources.

**3.6**

**customer**

entity receiving from an organization a claim for products, of which it obtains legal ownership and/or physical possession.

NOTE 1 Where material/products are physically delivered to an entity other than the entity that has obtained legal ownership of the material, the organization shall appoint a single customer for the purpose of this definition, i.e., either the entity that obtains legal ownership or the entity that obtains physical possession of the material.

NOTE 2 The term customer can also refer to an internal customer within an organization, if subsequent product groups have been established.

**3.7**

**certified content**

percentage of certified material in a product or product group.

**3.8**

**conversion**

changing of land use, replacing natural ecosystems

[ABNT NBR 14789:2021,2.9].

**3.9**

**claim**

organization's declaration on material/products, stated in sales and delivery documentation, namely the claims "% certified" and "controlled sources".

NOTE In order to highlight certified material that has never been mixed with controlled sources material, organizations implementing the physical separation method may use the wording “100% origin” instead of “100% certified” for certified material that was delivered by a supplier that is a forest owner/manager covered by a recognized certificate issued by a forest management standard with the claim “100% certified" or with another endorsed system claim, and for certified material that was already delivered with the claim "100% origin". Organizations receiving material with the claim “100% origin” and implementing the percentage method or credit method consider this as being the claim “100% certified."

**3.10**

**forest**

an ecosystem primarily comprised of tree species in any stage of development, associated communities of animals and microbiota, as well as the physical substrate.

[ABNT NBR 14789:2021, 2.18]

**3.11**

**controlled sources**

material category covering forest and tree-based material for which an organization has determined through its due diligence system that there is "negligible risk" that the material is from controversial sources.

NOTE “Controlled sources” is also the claim that may be used for material from this material category.

**3.12**

**controversial sources**

forest and tree-based material sourced from:

1. activities not complying with applicable local, national, or international legislation on forest management, including but not limited to forest management practices; nature and environmental protection; protected and endangered species; property, tenure, and land-use rights for indigenous peoples, local communities or other affected stakeholders; health, labor, and safety issues; anticorruption and the payment of applicable royalties and taxes.
2. activities where the capability of forests to produce a range of wood and non-wood forest products and services on a sustainable basis is not maintained, or harvesting levels exceed a rate that can be sustained in the long term.
3. activities where forest management does not contribute to the maintenance, conservation, or enhancement of biodiversity on landscape, ecosystem, species, or genetic levels.
4. activities where ecologically important forest areas are not identified, protected, conserved, or set aside.
5. activities where forest conversions occur, in other than justified circumstances where the conversion:
   * is in compliance with national and regional policy and legislation applicable for land use and forest management, and
   * does not have negative impacts on ecologically important forest areas, culturally and socially significant areas, or other protected areas, and
   * does not destroy areas of significantly high carbon stock, and
   * makes a contribution to long-term consideration, economic, and/or social benefits.
6. activities where the spirit of the ILO Declaration on Fundamental Principles and Rights at Work (1998) is not met.
7. activities where the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (2007) is not met.
8. conflict timber.
9. genetically modified trees.

NOTE 1 The activities described in items b, d, and e in short-rotation forest plantations where harvest cycles are shorter than 35 years and taking place on agricultural land are not considered “controversial sources”.

NOTE 2 In line i), the restriction on the usage of genetically modified trees has been adopted based on the precautionary principle. Until enough scientific data on genetically modified trees indicates that impacts on human and animal health and the environment are equivalent to, or more positive than, those presented by trees that have been genetically improved by traditional methods, no genetically modified trees will be used.

**3.13**

**supplier**

entity supplying material used as input for an organization's product group

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NOTE 1 Where certified products are physically delivered by an entity other than that having the ownership title to the material, the entity that is covered by a recognized certificate and that has specified the organization as client is considered the supplier for the product/delivery in question.

NOTE 2 The term supplier can also refer to an internal supplier within an organization, where subsequent product groups have been established.

**3.14**

**certified product group**

product or set of products with equivalent input material, defined by product name/type and category, type(s) of species, chain of custody method, material category, and claims, for which an organization applies its chain of custody.

NOTE 1 The organization can define individual products, product batches, and job orders as product groups.

NOTE 2 The organization can establish one or more product groups for parallel or subsequent manufacturing or trading processes.

NOTE 3 In case of multi-site o*rganizatio*ns, as defined in B.2.3-a), product groups can cover several sites.

**3.15**

**conflict timber**

timber that has been traded at some point in the chain of custody by armed groups, be they rebel factions or regular soldiers, or by a civilian administration involved in armed conflict or its representatives, either to perpetuate conflict or take advantage of conflict situations for personal gain.

NOTE 1 Conflict timber is not necessarily illegal. The exploitation of timber may itself be a direct cause of conflict.

NOTE 2 Definition used by the United Nations Environment Programme (UNEP).

**3.16**

**forest and tree-based material**

material originating in forests or from other sources recognized as eligible for certification such as isolated trees, including recycled material originally coming from those areas/sources, as well as wood based and non-wood-based material such as cork, mushrooms, berries, etc., generally referred to as non-wood forest products.

**3.17**

**equivalent input material**

forest and tree-based material that can be substituted with each other without significantly changing the appearance, function, grade, type, or value of the output product.

**3.18**

**certified material**

material category for:

1. forest and tree-based material delivered by a supplier covered by a recognized certificate, with the claim “x% certified”, or delivered by a supplier covered by a recognized certificate against a forest management standard that is endorsed by another recognized system claim.
2. recycled material (not delivered with the claim “x% certified").

**3.19**

**neutral material**

material category for material other than forest and tree-based material, such as metal or plastic, not taken into account in the calculation of certified content of a product group.

**3.20**

**recycled material**

forest and tree-based material that is:

1. recovered from waste during a manufacturing process. Excluded is reutilization of materials such as rework, regrind, or scrap generated in a process and capable of being reclaimed within the same process that generated it. Excluded are by-products resulting from primary production processes, such as sawmilling by-products (sawdust, chips, bark, etc.) or forestry residues (bark, chips from branches, roots, etc.) as they are not considered waste.
2. generated by households or by commercial, industrial, and institutional facilities in their role as end-users of the product that can no longer be used for its intended purposes. This includes returns of material from the distribution chain.

NOTE 1 The term "capable of being reclaimed within the same process that generated it" means that the material generated in one process is continuously returned to the same process at the same site. An example is waste generated by a press line in a panelboard production operation that continuously re-enters the same press line. This is not considered recycled material.

NOTE 2 This is based on the definitions of ABNT NBR ISO 14021.

**3.21**

**credit method**

a chain of custody method where credits gained from certified material are transferred to controlled sources material within the same certified product group.

**3.22**

**physical separation method**

a chain of custody method where the certified content of a certified product group is based on clear identification and/or separation of different material categories throughout all the activities performed by the organization.

**3.23**

**percentage method**

a chain of custody method where the certified content of a certified product group is calculated for a specific claim period, based on the input material included in the product group.

**3.24**

**organization**

rural producer or legal entity that has its own functions with responsibilities, authorities, and relationships to achieve its objectives.

NOTE In the context of this Standard, an organization is implementing the requirements of this Standard.

**3.25**

**multi-site organization**

organization with an identified central function (normally, and hereafter referred to, as a “central office”) at which chain of custody related activities are planned, controlled, and managed, and with one or more sites at which such activities are fully or partially carried out.

**3.26**

**other material**

material category for forest and tree-based material for which an organization has not determined,

through its due diligence system, that there is “negligible risk" that the material is from controversial sources.

**3.27**

**claim period**

time period for which the certified content of a product group is determined.

NOTE The claim period can also be specified as a single product, job order, or production batch.

**3.28**

**planted forests**

forests or other wooded land of introduced species, and in some cases native species, established through planting or seeding, mainly for production of wood or non-wood goods and services.

NOTE 1 Includes all stands of introduced species established for production of wood or non-wood goods and services.

NOTE 2 May include areas of native species characterized by few species, intensive land preparation (e.g. cultivation), straight tree lines, and/or even-aged stands.

NOTE 3 Application of the definition requires consideration of national forestry terminology and legal requirements.

**3.29**

**rolling percentage**

a chain of custody method where the certified content of a product group is calculated for a specified claim period, based on the input material included in the product group on average over a specified period preceding the claim period.

**3.30**

**substantiated concern**

information supported by proof or evidence indicating that forest and tree-based material originates in controversial sources.

NOTE Substantiated concerns can be concerns by third parties, as well as concerns by the organization itself.

**3.31**

**certified product**

product sold/transferred by an organization with the claim "x% certified".

**3.32**

**forest and tree-based products**

products from forest and tree-based material, including measurable but non-tangible products, such as energy generated from forest and tree-based material.

**3.33**

**complaint**

expression of dissatisfaction made to an organization related to its compliance with the requirements of this Standard, or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected.

**3.34**

**due diligence system (DDS)**

a framework of procedures and measures, namely information gathering, risk assessment, and risk mitigation, implemented by an organization to reduce the risk that forest and tree-based material originates from controversial sources.

NOTE: Organizations can cooperate with each other and use external services for implementing a DDS, but the responsibility to conform with the DDS requirements of this Standard lies with the individual organization.

**3.35**

**outsourcing**

practice of activities relevant for an organization's chain of custody being performed by another legal entity, without continuous supervision or control from the organization.

Note: Transportation, (un-)loading, and warehousing of materials/products are generally not considered outsourcing, unless there is a risk that materials with different material categories or certified content will be mixed with each other.

## Management system requirements

### General requirements

* + - 1. The organization shall operate a management system in accordance with the requirements of this Standard, to ensure correct implementation and maintenance of the chain of custody process(es). The management system shall be appropriate to the type, range, and volume of work performed, and cover outsourced activities relevant for the organization's chain of custody and all sites in the case of multi-site institutions (see Appendix A).
      2. The organization shall define the scope of its chain of custody by specifying the product groups for which the requirements of the chain of custody are implemented.
      3. The organization shall only make claims and statements that are correct to the best of its knowledge and covered by the chain of custody presented in this Standard.

### Documented procedures

* + - 1. The organization shall establish written documented procedures for its chain of custody. The documented procedures shall include at least the following elements:

1. responsibilities and authorities relating to the chain of custody.
2. description of the raw material flow within the production/trading process(es), including definition of product groups.
3. procedures for chain of custody process(es) covering all requirements of this Standard, including:
   * identification of material categories.
   * physical separation of certified material, controlled sources material, and other material.
   * definition of product groups, calculation of certified content, management of credit accounts, transfer to outputs (for organizations applying percentage or credit method).
   * sale/transfer of products and claims.
   * record keeping.
   * internal audits and nonconformity control.
   * the due diligence system.
   * complaint resolution.
   * outsourcing.

### Responsibilities and authorities

* + - 1. **General responsibilities** 
         1. The organization's management shall define and document its commitment to implementing and maintaining the chain of custody requirements in accordance with this Standard. The organization's commitment shall be made available to the organization's personnel, suppliers, customers, and other interested parties.
         2. The organization's management shall appoint a member of the management who, irrespective of their other responsibilities, shall have overall responsibility and authority for the organization's chain of custody.
      2. **Responsibilities and authorities for chain of custody**

The organization shall identify the personnel performing activities to implement and maintain its chain of custody and shall establish personnel responsibilities and authorities for the implementation of procedures 4.2-c.

NOTE The responsibilities and authorities for chain of custody given above can be cumulative.

### Record keeping

* + - 1. To provide evidence of conformity with the requirements of this Standard, the organization shall establish and maintain at least the following records relating to the product groups covered by its chain of custody:

1. records of all suppliers of input material delivered with a claim, including evidence of the suppliers' certified status.
2. records of all input material, including claims and documents associated with the delivery of the input material, and for recycled input material, information demonstrating that the definition of recycled material is met.
3. records of calculation of the certified content, transfer of the percentage to output products, and management of the credit account, as applicable.
4. records of all products sold/transferred, including claims and documents associated with the delivery of the output products.
5. records of the due diligence system, including records of risk assessments and significant risk supplies management, as applicable.
6. records of internal audits, periodic chain of custody review, nonconformities, and corrective actions.
7. records on complaints and their resolutions.
   * + 1. The organization shall maintain the records for a minimum period of five years.

### Resource management

* + - 1. **Human resources/personnel**

The organization shall ensure and demonstrate that all personnel performing activities affecting the implementation and maintenance of its chain of custody are competent on the basis of appropriate training, education, skills and experience.

* + - 1. **Technical facilities**

The organization shall identify, provide, and maintain the infrastructure and technical facilities needed for effective implementation and maintenance of its chain of custody according to the requirements of this Standard.

### Inspection and control

* + - 1. The organization shall conduct internal audits at least annually and prior to the initial certification audit, covering its compliance with all requirements of this Standard applicable

to the organization, including activities covered by outsourcing, and establish corrective and preventive measures if required.

NOTE Informative guidance for performing internal audits is given in ABNT NBR ISO 19011.

* + - 1. The organization's management shall review the result of the internal audit and the organization's chain of custody at least annually.

### Complaints

* + - 1. The organization shall establish procedures for dealing with complaints from suppliers, customers, and other parties relating to its chain of custody, reflecting the requirements of 4.7.2.
      2. Upon receipt of a complaint in writing, the organization shall:

1. formally acknowledge the complaint to the complainant within ten workdays.
2. gather and verify all necessary information to evaluate and validate the complaint and make a decision on the complaint.
3. formally communicate the decision on the complaint and of the complaint handling process to the complainant.
4. ensure that appropriate corrective and preventive actions are taken, if necessary.

### Nonconformity and corrective action

* + - 1. When a nonconformity with the requirements of this Standard is identified through internal or external auditing, the organization shall:

1. react to the nonconformity and, as applicable:
   * take action to control and correct it.
   * address the consequences.
2. evaluate the need for action to eliminate the causes of the nonconformity so that it does not recur or occur elsewhere, by:
   * critical analysis of nonconformity.
   * determining the causes of the nonconformity.
   * determining if similar nonconformities exist, or could potentially occur.
3. implement any action needed.
4. review the effectiveness of any corrective action taken.
5. make changes to the management system, if necessary.
   * + 1. Corrective actions shall be appropriate to the effects of the nonconformities encountered.
       2. The organization shall retain documented information as evidence of:
6. the nature of the nonconformities and any subsequent actions taken.
7. the results of any corrective action.

### Outsourcing

* + - 1. The organization may outsource activities covered by its chain of custody to another

entity.

* + - 1. Through all stages of outsourcing the organization shall be responsible for ensuring that all outsourced activities meet the requirements of this Standard, including management system requirements. The organization shall have a written agreement with all entities to whom activities have been outsourced, ensuring that:

1. the material/products covered by the organization's chain of custody are physically separated from other material or products.
2. the organization has access to the entity's site(s) for internal and external auditing of

outsourced activities, for conformity with the requirements of this Standard.

* + - 1. Internal audits of outsources activities should be conducted at least annually and before the outsourced activity starts.

### Social, health, and safety requirements in chain of custody

* + - 1. This clause includes requirements relating to health, safety, and labor issues that are based on the ILO Declaration on Fundamental Principles and Rights at Work. The organization shall demonstrate its commitment to comply with the social, health, and safety requirements defined in this Standard.
      2. The organization shall demonstrate that:

1. workers are not prevented from associating freely, choosing their representatives, or bargaining collectively with their employer.
2. forced labor is not used.
3. workers under the minimum legal age, the age of 15, or the compulsory school attendance age, whichever is higher, are not used.
4. workers are not denied equal opportunities or equal treatment.
5. working conditions do not endanger safety or health.

## Identification of inputs and declaration of outputs

### Identification of input material

* + - 1. **General**
         1. For each delivery of material used as input for a product group, the organization shall obtain documentation with the following information from the supplier:

1. supplier identification.
2. product identification.
3. quantity of products.
4. delivery identification based on date of delivery, delivery period, or accounting period.
   * + - 1. For inputs with a certification claim the document shall also include:
5. the organization's name as the customer of the delivery.
6. the applicable claim specifically for each claimed product covered by the documentation.
7. the certificate number of the supplier's recognized certificate that proves the supplier's status.

NOTE An example of delivery documentation is an invoice or delivery note providing the information required.

* + - 1. **Identification at supplie**r **level**
         1. For all inputs delivered with a certification claim, the organization shall verify that the supplier is covered by a recognized and valid certification system.
         2. For each delivery of material used as input for a product group, the organization shall classify the material category of the procured material.

### Declaration of outputs

* + 1. For outputs of a product group for which the organization makes a certified claim to a certified customer, it shall provide the customer with documentation providing the following information for each delivery:

1. client identification.
2. the organization's name as the supplier of the material.
3. product identification.
4. quantity of product(s).
5. date of delivery/delivery period/accounting period.
6. the applicable claim specifically for each claimed product covered by the documentation.
   * 1. The organization shall specify the type of documentation in which claims on outputs are made.

### Content of recycled material

For products covered by the organization's chain of custody that include recycled material, the organization shall calculate the content of recycled material based on ABNT NBR ISO 14021 and inform about it upon request.

## Chain of custody methods

### General

* + - 1. There are three methods to implement the chain of custody, namely the physical separation method, the percentage method, and the credit method. Depending on the nature of material flows and processes, the organization shall choose the appropriate method.
      2. The organization shall implement the chosen chain of custody method(s) of this Standard for specific product groups.
      3. Product groups shall be established for products with equivalent input material, with the same measurement unit or units that can be converted into a single measurement unit.
      4. The organization shall only use certified material and controlled sources material as input for certified product groups.

### Physical separation method

* + - 1. The organization applying the physical separation method shall ensure that material with different material categories and different certified content are kept separate or clearly identifiable at all stages of the production or trading process.

NOTE Physical separation can be achieved by any means ensuring that material category and certified content can be identified, for example, through separate storage, marking, distinguishing product characteristics or production time.

* + - 1. Where material with different certified content is used as input in the same product group, the organization shall use the lowest certified content of the input as certified content of the output.

EXAMPLE An organization using material with 100%, 75%, and 70% certified content as input in the same product group under the physical separation method can claim the output as 70% certified.

Where certified material and controlled sources material is used as input in the same product group under the physical separation method, the organization shall claim the output as controlled sources.

### Percentage method

* + - 1. The percentage method may be implemented to calculate the certified content of product groups for which certified material and controlled sources material were used as input material.
      2. The organization shall calculate the certified content separately for each product group and for a specific claim period according to the following formula:

Cc [%]  (Vc / (Vc + Vcm))  100, where

CC = certified content,

Vc = volume of certified material, Vcm = volume of controlled sources material.

NOTE Neutral material is not considered in the calculation of certified content.

* + - * 1. The organization shall calculate the certified content based on a single measurement unit used for all material covered by the calculation. In case of conversion to a single measurement unit for calculation purposes, the organization shall only use generally recognized conversion ratios and methods. If a suitable, generally recognized conversion ratio does not exist, the organization shall define and use a reasonable and credible conversion ratio.
        2. If input material/products include only a proportion of certified material, then only the quantity corresponding to the certified content shall enter the calculation formula as certified material. The rest of the material shall enter the calculation as controlled sources material.

EXAMPLE 1 t of material delivered with the claim “70% certified” and 1 t of material delivered with the claim “100% certified” are used as input. Using the formula in item 6.3.2, the certified content is Cc [%]  ((700 kg + 1000 kg) /((700 + 1000) +300))  100  (1 700/2 000)  100  2 t of 85% certified material.

* + - 1. The certified content calculated for a product group shall be used as a percentage in the claim “X% certified".

EXAMPLE If the certified content of a product group has been calculated as being 54% for a specific claim period, all products covered by the product group can, during this claim period, be sold/transferred as certified products with the claim “54% certified”.

* + - 1. The organization may apply the percentage method as rolling percentage.
      2. The organization applying rolling percentage shall calculate the certified content of a product group and claim period based on material procured during an input period preceding the claim period. The claim period, in the case of rolling percentage, shall not exceed 3 months and the input period shall not exceed 12 months.

EXAMPLE An organization that has chosen a 3-month claim period and a 12-month input period calculates the certified content for the coming three months based on the input material procured in the previous 12 months.

### Credit method

* + - 1. The credit method may be implemented to transfer credits gained from the input of certified material to controlled sources material within the same certified product group.
      2. The organization shall create and manage a credit account for credits gained from input of certified material. The credits shall be calculated in a single measurement unit. It may be required to define conversion factor(s) for the conversion of the measurement unit(s) of the input components to the output products.
      3. The total quantity of credits accumulated in the credit account shall not exceed the sum of credits entered into the credit account during the last 24 months. The 24-month maximum period may

be extended, where the organization can demonstrate that the average production period of the product

In question is longer than 24 months.

EXAMPLE If the average production period of a product (including maturing, for example) is 36 months, the organization can extend the 24-month maximum period for the accumulation of credits to 36 months.

* + - 1. The organization shall apply the credit method for a single claim. The organization receiving a delivery of material with a certified claim and a claim against another certification system shall either use it as a combined credit covering both claims, or shall only use one of the received claims for  
         calculating the volume credits.

EXAMPLE An organization receiving a delivery of material with two claims relating to two certification systems either establishes a credit account for the multiple claim (e.g. certified according to this Standard/other system claim) or decides which single claim (either certified according to this Standard or other system claim) will be entered into the respective volume credit account.

* + - 1. The organization shall calculate the credits using either:

1. certified content and volume of output products (clause 6.4.8) or
2. input material and input-to-output ratio (clause 6.4.7).
   * + 1. The organization applying the credit method shall calculate the credits by multiplying the volume of output products of the claim period with the certified content for the relevant claim period.

EXAMPLE If the certified content for the product group of the specific claim period, which consists of 100 tons of output products, is 54%, the organization achieves volume credits equal to 54 tons (100  0.54) of the output products.

* + - 1. An organization that can demonstrate a verifiable ratio between the input material and output products may calculate the credits directly from input of certified material by multiplying the volume of certified material input with the input-to-output ratio.

EXAMPLE If the volume of certified material input is 70 m³ (e.g. 100 m³ with the claim “70% certified”) and the input-to-output ratio is 0.60 (e.g. 1 m³ of roundwood results in 0.60 m³ of sawnwood), the organization acquires volume credits equal to 42 m³ (i.e. 70 m³  0.60) of sawnwood.

* + - 1. The organization shall distribute the credits from the credit account to the output products covered by the credit account. The credits shall be distributed to the output products in a way that the certified products will be considered as either having 100% certified content or as having less than 100% certified content and meeting the organization's own threshold. The result of the volume of output products multiplied by the certified content of the output products shall be equal to the distributed credits withdrawn from the credit account.

EXAMPLE The organization can use 7 units of credits to sell 7 units as 100% certified, or to sell 10 units as 70% certified.

* 1. **Due diligence system (DD*S)* requirements**
     1. For all material used as input for a product group, except recycled material, theorganization shall exercise due diligence in line with the due diligence system (DDS) for the avoidance of material from controversial sources laid down in Appendix B. Thereby the organization shall establish that for material used as input for product groups there is “negligible risk” that it originates from controversial sources, and that it meets the definition of controlled sources material.
     2. For product groups where only input material used was delivered with a claim   
        by a supplier covered by a recognized certificate, an organization may implement the DDS by meeting the following requirements:

1. in order to enable certified and uncertified entities further down the supply chain to implement a DDS, the organization shall, upon request, provide the information specified in Appendix B.2.1 for material passed on with a claim. if the organization does not possess the requested information, the request shall be passed on to relevant supplier(s) of the organization (Appendix B.2.2).
2. where internal or external substantiated concerns on the origin of input material from controversial sources are raised, the organization shall follow up on these concerns following Appendix B.4.
3. the organization shall define, document and implement a commitment and a procedure also covering forest and tree-based material/products not covered by the organization's chain of custody, ensuring that where it is known to the organization, or where it has received substantiated concerns, that forest and tree-based material/products originate in illegal sources (controversial sources, see 3.12-a), it shall not be placed on the market until the concern has  
   been resolved in accordance with Appendix B.4.

# Annex A

(Normative Appendix)

# Implementation of the chain of custody standard by multi-site organizations

## General

The aim of this appendix is to establish guidance for implementation of the chain of custody requirements in an organization with a network of sites, thus ensuring on the one hand that the assessment provides adequate confidence in the conformity of the chain of custody, and on the other that certification of the chain of custody is practical and feasible in economic and operative terms. Certification of multi-site organizations also allows implementation and certification of the chain of custody in a group of typically small independent companies.

This appendix only includes requirements for implementation of the chain of custody requirements that are applicable to organizations with multiple production locations.

## Eligibility criteria for the multi-site organization

* + 1. The multi-site organization is defined as an organization having an identified central function (normally, and hereafter referred to, as a “central office”) at which certain activities are planned, controlled, and managed, and a network of local offices or branches (sites) at which such activities are fully or partially carried out.
    2. The multi-site organization does not need to be a unique entity, but all sites shall have a legal or contractual link with the central office, and be subject to a common chain of custody that is subject to continuous surveillance by the central office. This means that the central office has the right to implement corrective actions when needed at any site. Where applicable, this should be laid down in the contract between the central office and the sites.
    3. The multi-site organization may cover:

1. organizations operating with franchises or companies where the sites are linked through a common ownership, management, or other organizational link.
2. groups of independent legal enterprises established and functioning for the purposes of the chain of custody certification (producer group).

NOTE Membership in an association is not covered by the term “management or other organizational link”.

* + 1. 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 may be an appropriate trade association, or any other properly experienced legal entity that is either nominated for the purpose by a group of intending members or offers a group service managed for the purposes of and consistently with this Standard. The central office can also be administered by one member of the group.

NOTE The central office in the case of the producer group can be called the “group entity” and sites can be called “group members”.

* + 1. A site is a location at which activities relating to the organization's chain of custody are carried out.
    2. The producer group is limited to participation of sites that are domiciled in a single country and that:

1. have no more than 50 employees (full-time employees equivalent).
2. have a turnover of maximum of 10,000,000 EUR, or equivalent.
   1. **Requirements for multi-site organizations**

### General

* + - 1. The organization's chain of custody shall be centrally administered and be subject to central review. All the relevant sites (including the central administration function) shall be subject to the organization's internal audit programme.
      2. It shall be demonstrated that the central office of the organization has established a chain of custody in accordance with this Standard, and that the whole organization (including all the sites) meets the requirements of this Standard.
      3. The organization shall be able to demonstrate its ability to collect and analyze data from all sites, including the central office authority and its ability to initiate changes in the chain of custody operating in the sites if required.

### Functions and responsibilities of the central office

* + - 1. **General**

The central office shall:

1. represent the multi-site organization in the certification process.
2. provide a commitment on behalf of the whole organization to establish and maintain a chain of custody in accordance with the requirements of this Standard.
3. provide all the sites with information and guidance needed for effective implementation and maintenance of the chain of custody in accordance with this Standard. The central office shall provide the sites with the following information or access to the following information:
   * a copy of this Standard and any guidance relating to the implementation of the requirements of this Standard;
   * the central office’s procedures for the management of the multi-site organization;
   * explanation of the principle of the mutual responsibility of sites in the multi-site certification;
   * results of the internal audit programme and the report of corrective and preventive measures applicable to the individual sites;
   * the multi-site certificate and any of its parts relating to the scope of the certification and coverage of sites;

NOTE The term “mutual responsibility” means that nonconformities found in one site or the central office may result in corrective actions to be performed at all sites, an increase in internal audits, or withdrawal of the multi-site certificate.

1. provide organizational or contractual connection with all the sites, which shall include commitments by the sites to implement and maintain the chain of custody in accordance with this Standard. The central office shall have a written contract or other written agreement with all the sites which covers the right of the central office to implement and enforce any corrective or preventive measures and to initiate the exclusion of any site from the scope of certification in case of nonconformities with this Standard.
2. establish written procedures for the management of the multi-site organization.
3. keep records relating to the central office and sites compliance with the requirements of this Standard.
4. operate an internal audit programme as outlined in A 3.2.2.
5. operate a review of the central office and sites conformity, including review of results of the internal audits program and certification body’s evaluations and surveillance, shall establish corrective and preventive measures if required, and shall evaluate the effectiveness of corrective actions taken.
   * + 1. **Internal audit programme**

The internal audit programme shall provide for:

1. audit of all the sites (including its own central administration function), on site or remotely, where a remote verification of the implementation of chain of custody processes is feasible, prior to the external audits.
2. Budit of any new site prior to the certification body starting the process of extending the certification

scope.

### Functions and responsibilities of sites

Sites connected to the multi-site organization shall be responsible for:

1. implementation and maintenance of the chain of custody requirements in accordance with this Standard.
2. entering into a contractual relationship with the central office, including commitment to compliance with the chain of custody requirements and other applicable certification requirements.
3. responding effectively to all requests from the central office or certification body for relevant data, documentation, or other information, whether in connection with formal audits or reviews or otherwise.
4. providing full co-operation and assistance with respect to satisfactory completion of internal audits performed by the central office and audits performed by the certification body, including access to site installations.
5. implementation of relevant corrective and preventive actions established by the central office.

The responsibilities of the central office and the sites in relation to the requirements of this Standard shall be established as shown in Table A.1.

**Table A.1 – Scope of responsibilities for requirements of this Standard implemented**

**in the multi-site organization**

|  |  |  |
| --- | --- | --- |
| **Standard requirements** | **Central office** | ***Site*** |
| Requirements for chain of custody process - physical separation method |  | Yes |
| Requirements for chain  of custody process - percentage method |  | Yes |
| Requirements for chain  of custody process - credit method |  | Yes |
| Management system requirements |  |  |
| Responsibilities and authorities | Yes | Yes |
| General responsibilities | Yes | Yes |
| Responsibilities and authorities for chain of custody | Yes (for A.3.2.1-d and e) | Yes |
| Documented procedures | Yes (for A.3.2.1-a, e, and f) | Yes |
| Record keeping | Yes (for A.3.2.1-f and g) | Yes |
| Resource management | Yes (only for activities  provided) | Yes |
| Human resources/personnel |
| Technical facilities |
| Inspection and control | Yes | Yes |
| Complaints | Yes | Yes |

# Appendix B

(Normative Appendix)

**Due diligence system (DDS) for avoidance of material from controversial sources**

## General requirements

* + 1. In order to help ensure that activities conducted by the organization under the scope of this Standard conform to all applicable timber legality legislation, including trade and customs laws, and to minimize the risk that the procured material originates in controversial sources, the organization shall operate a due diligence system (DDS), in accordance with

B.1.2 to B.1.3.

* + 1. The DDS shall be implemented for all input forest and tree-based material covered by the organization's chain of custody and certified product groups, with the exception of recycled material.

NOTE The DDS can be implemented by an organization for forest and tree-based products from forests under its own management.

* + 1. The organization shall implement the DDS in three steps relating to:

1. gathering information.
2. risk assessment.
3. management of significant risk supplies.
   * 1. The organization procuring raw material originating from species listed in Appendix I to III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) shall comply with applicable legislation relating to CITES.

## Access to information

* + 1. In order to enable the organization to implement the DDS, the organization shall have access to the following information from its supplier(s):

1. identification of tree species included, or list of tree species potentially included, in the material/product, by common name and/or their scientific name, where applicable.
2. country where the material was harvested, as well as sub-national region and/or concession of harvest, where applicable.

NOTE 1 Access to the scientific name of species is required in cases where usage of a common name could pose a risk of wrong identification of the species.

NOTE 2 Usage of a trade name of species is considered as equivalent to the common name in cases where all species covered by the trade name have an equivalent risk of originating in controversial sources.

NOTE 3 Access to the sub-national level of the material origin is required in cases where sub-national regions within one country do not represent an equivalent risk related to the controversial sources.

NOTE 4 The term “concession of harvest” refers to a contract for harvest in a geographically defined forest area.

NOTE 5 The term “country/region” is further used throughout this clause to identify a country, a sub-national region, or a concession of harvest of the material/product origin.

* + 1. In order to enable certified and uncertified entities further down the supply chain to implement a DDS, the organization shall, upon request, provide the information specified in B.2.1 for material passed on with a claim. If the organization does not possess the requested information, the request shall be passed on to relevant supplier(s) of the organization.

## Risk assessment

* + 1. The organization shall carry out a risk assessment, assessing the risk of procuring raw material from controversial sources for all input forest and tree-based material covered by the organization's chain of custody, with the exception of material/products delivered with a certified claim by a supplier with a recognized certificate, since this material can be considered as having “negligible risk” of originating in controversial sources.
    2. The organization's risk assessment shall result in the classification of material into “negligible” or “significant” risk category.
    3. The organization's risk assessment shall be based on the indicators for risk at origin and supply chain level listed in Tables B.1 to B.3.
    4. Where the organization's risk assessment identifies indicators specified in Table B.1, the organization may consider the material as having “negligible risk” of originating in controversial sources, and conclude the risk assessment without having to consider the indicators outlined in Tables B.2 and B.3.
    5. Where the organization's risk assessment does not identify indicators specified in Table B.1, the risk assessment shall be continued against indicators outlined in Tables B.2 and B.3; and where any of these indicators apply, the organization shall consider the material as having “significant risk” of originating in controversial sources.
    6. Where none of the indicators outlined in Tables B.2 and B.3 are identified, the organization may consider the supplies as having “negligible risk” of originating in controversial sources, and conclude the risk assessment.

**Table B.1 – List of indicators for negligible risk**

|  |
| --- |
| **Indicators** |
| a) Supplies declared as certified according to an endorsed forest certification system, addressing the activities covered by the term controversial sources, supported by a forest management, chain of custody, or fiber sourcing certificate issued by a third-party certification body. |
| b) Supplies verified by governmental or non-governmental verification or licensing mechanisms other than forest certification systems, addressing the activities covered by the term controversial sources. |

**Table B.1** (continued)

|  |
| --- |
| **Indicators** |
| 1. Supplies supported by verifiable documentation that clearly identifies:    * country of harvest and/or sub-national region where the timber was harvested, where the latest Transparency International (TI) Corruption Perception Index (CPI) score is higher than 50, or where the latest World Justice Project (WJP) Rule of Law Index is higher than 0.5, and    * trade name and type of product as well as the common name of tree species and, where applicable, its full scientific name, and    * all suppliers within the supply chain, and    * the forest area of the supply origin, and    * documents, including contractual agreements and self-declarations, or other reliable information indicating that products do not originate from controversial sources. |

**Table B.2 – List of indicators for significant risk at origin leve**l

|  |
| --- |
| a) Activities not complying with applicable local, national, or international legislation on forest management, including but not limited to forest management practices; nature and environmental protection; protected and endangered species; property, tenure, and land-use rights for indigenous peoples, local communities or other affected stakeholders; health, labor, and safety issues; anticorruption and the payment of applicable royalties and taxes. |
| — The latest Transparency International (TI) Corruption Perception Index (CPI) score of the country is lower than 50 or the latest World Justice Project (WJP) Rule of Law Index of the country is lower than 0.5. 3 |
| — The country/region is known as a country with low level of forest governance and law enforcement. |
| — Tree species included in the material/product is known as species with prevalence of activities covered by the term "controversial sources", 3.12-a) or b) in the country/region. |
| — The country is covered by UN, EU, or national government sanctions restricting the export/import of such forest and tree-based products. |
| b) Activities where the capability of forests to produce a range of wood and non-wood forest products and services on a sustainable basis is not maintained, or harvesting levels exceed a rate that can be sustained in the long term. |
| — According to publicly available data, such as FAO Forest Resource Assessments, the amount of annual harvest of industrial roundwood exceeds the amount of annual increment of growing stock of the country/region of origin. |

1. Line a) and its first subsection are elements of 3.12, controversial sources. The rows underneath each element provide the indicators used for the risk assessment for this element.
2. These indices might not always be appropriate for forestry. Where more appropriate indicators exist, these can be used.

**Table B.3** (continued)

|  |
| --- |
| 1. Activities where forest management does not contribute to the maintenance, conservation, or enhancement of biodiversity on landscape, ecosystem, species, or genetic levels. 2. Activities where ecologically important forest areas are not identified, protected, conserved, or set aside. |
| — The Environmental Performance Index (EPI)4 score for “Biodiversity & Habitat” of the country is lower than 50. Where no EPI index exists for a certain country, other indicators may be utilized, such as legislation addressing controversial sources elements 3.12-c and -d, combined with evidence of reliable enforcement of legislation (TI CPI score 50 or WJP Rule of Law score  0.5). |
| 1. Activities where forest conversions occur, in other than justified circumstances,   where the conversion:   * + is in compliance with national and regional policy and legislation applicable for land use and forest management; and   + does not have negative impacts on ecologically important forest areas, culturally and socially significant areas, or other protected areas, and   + does not destroy areas of significantly high carbon stock; and   + makes a contribution to long-term conservation, economic, and/or social benefits.   . |
| — The country/region has been identified as having experienced a net loss of 1% of forest area over the most recent ten years of available data, according to publicly available data or information, such as provided by the FAO. |
| — In the country/region the net area with conversions from forests to forest plantations exceeds the forest area increase of the country/region, according to publicly available data or information, such as provided by the FAO. |

**Table B.3 – List of indicators for significant risk at supply chain level**

|  |
| --- |
| **Indicators** |
| a) Countries/regions where the products have been traded are unknown. |
| b) Species in the product are unknown. |
| c) Evidence of illegal practices concerning controversial sources by any company in the  supply chain. |

* + 1. The risk assessment shall be carried out for the first delivery of every individual supplier, or for several suppliers, with the same characteristics listed in B.2.1, and the same applicability of indicators according to Tables B.1 to B.3.

NOTE: Where deliveries from suppliers from the same region share the same characteristics listed in B.2.1, and the same applicability of indicators according to Tables B.1 to B.3, the risk assessment can be implemented as an assessment for a whole region.

1. The EPI is produced in a partnership between Yale University and Columbia University in collaboration with the World Economic Forum (IMF). https://epi.envirocenter.yale.edu/about-epi.
   * 1. For all material that is subject to the organization's risk assessment, the organization shall keep an updated list of the characteristics listed in B.2.1 of this appendix and indicators according to Tables B.1 to B.3 for supplies of individual suppliers and suppliers that share the same characteristics.
     2. The risk assessment shall be reviewed and revised at least annually, if necessary, and when changes regarding the characteristics listed in B.2.1 of this appendix occur.

## Substantiated concerns

* + 1. The organization shall ensure that substantiated concerns about the potential origin of material covered by the organization's DDS in controversial sources are promptly investigated, starting no later than ten workdays after identification of the substantiated concern.
    2. If the concern cannot be resolved by the organization's investigation, the risk of the relevant material being from controversial sources shall be determined as “significant” and managed in accordance with B.5.

## Management of significant risk supplies

### General

* + - 1. For supplies identified as having “significant risk”, the organization shall request the supplier to provide additional information and evidence that allows the organization to classify the supply as having “negligible risk”. The organization shall request the supplier to:

1. provide the organization with necessary information to identify the forest area(s) of the raw material and the whole supply chain relating to the “significant risk” supply”.
2. enable the organization to carry out a second-party or a third-party inspection of the supplier’s operation, as well as operations of the previous suppliers in the chain.

NOTE These procedures can be ensured, e.g. by contractual agreements or a written self-declaration by the supplier.

* + - 1. The organization shall establish a second- or third-party verification program for supplies classified as “significant risk”. The verification program shall cover:

1. identification of the whole supply chain and forest area(s) of the supply's origin.
2. on-site inspection as appropriate.
3. corrective measures as required.

### Identification of the supply chain

* + - 1. The organization shall require, from all suppliers of “significant risk” supplies, detailed information on the whole supply chain and forest area(s) of the supply’s origin.
      2. In cases where the supplies can be verified as “negligible risk” according to the indicators in Table B.1 at one step in the supply chain the organization is not required to track the whole supply chain to the forest area, except in case of substantiated concerns, which shall be addressed as outlined in B.4.
      3. The information submitted shall allow the organization to plan and execute on-site inspections.

### Local inspections

* + - 1. The organization's verification program shall include on-site inspections of suppliers delivering “significant risk” supplies. The on-site inspections can be carried out by the organization itself (second-party inspection) or by a third party on behalf of the organization. The organization may substitute the on-site inspection with documentation review, where the documentation provides sufficient confidence in the material origin in non-controversial sources.
      2. The organization shall demonstrate that personnel carrying out inspections have sufficient knowledge and competence in the local business, cultural and social customs, and applicable treaties, conventions legislation, governance, and law enforcement relevant to the origin of “significant risk” supplies and to the risk(s) identified
      3. The organization shall determine a sample of “significant risk” supplies from the supplier to be verified by the verification program. Identical deliveries by the same supplier shall be considered as a single supply. The size of the annual sample shall be at least the square root of the number of “significant” risk supplies per one year: (y  √x), rounded up to the nearest whole number. Where the previous on-site inspections proved to be effective in fulfilling the objective of this document, the size of the sample may be reduced to y  0.8 √x, rounded up to the nearest whole number.
      4. The on-site inspections shall cover:

1. the direct supplier and all previous suppliers in the supply chain in order to assess compliance with the supplier claims on the origin of the raw material.
2. the forest owner/manager of the forest area of the supply origin, or any other party responsible for management activities in that forest area, in order to assess their compliance with legal requirements.

### Corrective measures

* + - 1. The organization shall define written procedures for implementing corrective measures for noncompliance for suppliers identified by the organization's verification program.
      2. The range of corrective measures shall be based on the scale and seriousness of the risk that forest and tree-based product(s) may be from controversial sources, and shall include at least one or more of the following:

1. clear communication of the risk identified, with a request for addressing the risk identified within a specific timeline so as to ensure that forest and tree-based product(s) from controversial sources are not supplied to the organization.
2. requiring suppliers to define risk mitigation measures relating to compliance with legal requirements in the forest area(s) or efficiency of the information flow in the supply chain.
3. cancellation or suspension of any contract or order for forest and tree-based product(s) until the supplier can demonstrate that appropriate risk mitigation measures have been implemented.

## No placement on the market

* + 1. Forest and tree-based material/products from unknown sources or from controversial sources shall not be included in a certified product group.
    2. Where it is known to the organization that forest and tree-based materials/products not covered by the organization's chain of custody originate in illegal sources (controversial sources, 3.12a), they shall not be placed on the market.
    3. Where the organization has received substantiated concerns that forest and tree-based materials/products not covered by the organization's chain of custody originate in illegal sources (controversial sources, 3.12a), they shall not be placed on the market until the concern has been resolved in accordance with B.4.

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