
**Chain of custody of wood and wood-
based products**

Chaîne de contrôle des produits en bois et à base de bois

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT) see www.iso.org/iso/foreword.html.

This document was prepared by Project Committee ISO/PC 287, *Chain of custody of wood and wood-based products*.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

Introduction

This document is intended to provide a framework for implementing a chain of custody system for the purpose of passing on information regarding wood and wood-based products, cork and lignified materials other than wood, such as bamboo, from the source to the finished product. A chain of custody system is a process by which information about materials can be tracked throughout the entire or parts of the supply chain.

This document is designed to provide a consistent basis against which the chain of custody of wood and wood-based products can be assessed.

This document can be used for several purposes. It can facilitate business-to-business communications by providing a common framework that allows businesses to “speak the same language” when describing their chain of custody system. This document is intended to be used by organizations in the supply chain regardless of their size.

This document cannot be used on its own for product claims about the organization’s product(s).

Purchasers can use this document to evaluate the information they receive from suppliers to help identify suitable input material. This information can then be used together with a set of specified criteria to determine whether a product/input material fulfils the conditions for the intended use. Other standards and certification schemes can use this document as a reference regarding chain of custody systems.

This document does not cover forest management but can be used to transfer information about the source of the wood-based product.

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Chain of custody of wood and wood-based products

1 Scope

This document specifies requirements for a chain of custody (CoC) of wood and wood-based products, cork and lignified materials other than wood, such as bamboo, and their products.

NOTE The term “material” will henceforth be used throughout this document to denote “raw materials and products from wood, cork and lignified materials other than wood, such as bamboo”, as defined in 3.8.

This document is applicable to material that originates from different categories of input material and can be derived from mechanical, chemical, biological and/or thermal processing or a combination thereof.

A chain of custody relies on a control system to track and handle material throughout the entire supply chain or parts of the supply chain, including transportation, receipt, production, sale, resale and output declaration. This document is intended to enable tracking of material from different categories of source to finished products.

Furthermore, this document also specifies minimum requirements for input material.

This document is not applicable to forest management.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

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

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <http://www.electropedia.org/>

3.1 chain of custody

process by which information linked to *materials* (3.8) is transferred, monitored and controlled throughout the entire supply chain or parts of the supply chain

3.2 wood

lignocellulosic substance between the pith and bark of a tree or a shrub

[SOURCE: ISO 24294:2013, 3.1, modified — Notes to entry have been deleted.]

3.3 wood-based product

product wholly or partially derived from *wood* (3.2) or wooden components

Note 1 to entry: The product can be the result of mechanical, chemical, biological and/or thermal processing.

3.4

lignified material other than wood

lignocellulosic *material* (3.8) deriving from the bark of a tree or shrub or from perennial plants which are not able to form *wood* (3.2) due to the lack of a growth layer (cambium)

EXAMPLE Bamboo, rattan.

3.5

cork

protective layer of the cork oak tree (*Quercus Suber* L), which can be periodically removed from its trunk and branches to provide the raw material for cork products

3.6

legally harvested material

material (3.8) harvested and traded in accordance with the applicable legislation in the country of harvest

3.7

legally procured material

material (3.8) obtained from an *organization* (3.17) that has harvested, processed, and/or traded the material in accordance with the applicable legislation of the countries of jurisdiction, and for which the organization can provide evidence of compliance with the requirements of the Due Diligence System

Note 1 to entry: The Due Diligence System is described in [Clause 7](#).

3.8

material

raw materials and products from *wood* (3.2), *cork* (3.5) and *lignified materials other than wood* (3.4), such as bamboo

3.9

certified material

verified material (3.11) received with a certified status and that meets the requirements of a particular certification scheme for which the *organization* (3.17) can provide evidence of third-party certification to that scheme

3.10

specified material

verified material (3.11) that meets publicly available documented specific requirements, set by *organization(s)* (3.17) within a *chain of custody* (3.1) and for which the *organization(s)* provide(s) information regarding the requirements as well as evidence of compliance

Note 1 to entry: Examples are given in [Annex H](#).

3.11

verified material

material (3.8) for which the *organization* (3.17) can provide evidence of compliance with the requirements of the Due Diligence System

Note 1 to entry: The Due Diligence System is described in [Clause 7](#).

3.12

recycled material

material (3.8) that has been recovered, or otherwise diverted, from the waste stream, either from the manufacturing process [i.e. post-industrial recycled materials, but not *in-house scrap* (3.13)] or after consumer use (i.e. post-consumer recycled materials), that is reused in the manufacture of new products, and for which the *organization* (3.17) can provide evidence of compliance with the requirements of the Due Diligence System

Note 1 to entry: Excluded are by-products such as sawmilling by-products (e.g. sawdust, chips, bark) or forestry residues (e.g. bark, chips from branches, roots).

3.13**in-house scrap**

materials (3.8) commonly reused by industry within the original manufacturing process as normal practice

Note 1 to entry: In-house scrap is not *recycled material* (3.12).

[SOURCE: ISO/TR 24699:2009, 3.13]

3.14**genetically modified organism****GMO**

organism in which the genetic material has been changed through modern biotechnology in a way that does not occur naturally by multiplication and/or natural recombination

[SOURCE: ISO 16577:2016, 3.73]

3.15**product group**

group of products that share the same or similar physical characteristics

3.16**conversion factor**

r

ratio between input and output *material* (3.8) within a product or *product group* (3.15) passing through a *site* (3.18)

3.17**organization**

person or group of people that has its own functions with responsibilities, authorities and relationships to achieve its objectives

Note 1 to entry: The concept of organization includes, but is not limited to, sole-trader, company, corporation, firm, enterprise, authority, partnership, association, charity or institution, or part or combination thereof, whether incorporated or not, public or private.

Note 2 to entry: This constitutes one of the common terms and core definitions for ISO management system standards given in Annex SL of the Consolidated ISO Supplement to the ISO/IEC Directives, Part 1. The original definition has been modified by modifying Note 1 to entry.

[SOURCE: ISO 9000:2015, 3.2.1]

3.18**site**

organization (3.17) or part of an organization that carries out manufacturing, storage, trade and/or transportation

3.19**outsource**

make an arrangement where an external *organization* (3.17) performs part of an organization's function or process

Note 1 to entry: An external organization is outside of the *chain of custody* (3.1), although the function or process is within the scope of the chain of custody.

[SOURCE: ISO 19600:2014, 3.28, modified — Note has been adapted to “chain of custody” topic.]

3.20**supplier**

organization (3.17) that provides a product or a service

EXAMPLE Producer, distributor, retailer or vendor of a product, or provider of a service or information.

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Note 1 to entry: A supplier can be internal or external to the organization.

Note 2 to entry: In a contractual situation, a supplier is sometimes called a “contractor”.

[SOURCE: ISO 9000:2015, 3.2.5]

3.21 top management

person or group of people who directs and controls an *organization* (3.17) at the highest level

Note 1 to entry: Top management has the power to delegate authority and provide resources within the organization.

Note 2 to entry: If the scope of the management system covers only part of an organization, then top management refers to those who direct and control that part of the organization.

Note 3 to entry: This constitutes one of the common terms and core definitions for ISO management system standards given in Annex SL of the Consolidated ISO Supplement to the ISO/IEC Directives, Part 1.

[SOURCE: ISO 9000:2015, 3.1.1]

3.22 competence

ability to apply knowledge and skills to achieve intended results

[SOURCE: ISO 22301:2012, 3.9]

3.23 document

information and the medium on which it is contained

EXAMPLE *Record* (3.24), specification, procedure document, drawing, report, standard.

Note 1 to entry: The medium can be paper, magnetic, electronic or optical computer disc, photograph or master sample, or a combination thereof.

Note 2 to entry: A set of documents, for example specifications and records, is frequently called “documentation”.

Note 3 to entry: Some requirements (e.g. the requirement to be readable) relate to all types of documents, however there can be different requirements for specifications (e.g. the requirement to be revision controlled) and records (e.g. the requirement to be retrievable).

[SOURCE: ISO 9000:2015, 3.8.5]

3.24 record

document (3.23) stating results achieved or providing evidence of activities performed

Note 1 to entry: Records can be used, for example, to document traceability and to provide evidence of verification, preventive action and corrective action.

Note 2 to entry: Generally records need to be under revision control.

[SOURCE: ISO 9000:2015, 3.8.10, modified, in Note 1 to entry, "formalize" is replaced by "document", in Note 2 to entry, "not" is replaced by "to".]

3.25 risk

effect of uncertainty on objectives

[SOURCE: ISO Guide 73:2009, 1.1, modified — Notes to entry have been deleted.]

3.26**risk management**

coordinated activities to direct and control an *organization* (3.17) with regard to *risk* (3.25)

[SOURCE: ISO Guide 73:2009, 2.1]

3.27**risk assessment**

overall process of *risk identification* (3.28), *risk analysis* (3.29), and *risk evaluation* (3.30)

[SOURCE: ISO Guide 73:2009, 3.4.1]

3.28**risk identification**

process of finding, recognizing and describing *risks* (3.25)

[SOURCE: ISO Guide 73:2009, 3.5.1, modified — Notes to entry have been deleted.]

3.29**risk analysis**

process to comprehend the nature of *risk* (3.25) and to determine the level of *risk*

[SOURCE: ISO Guide 73:2009, 3.6.1, modified — Notes to entry have been deleted.]

3.30**risk evaluation**

process of comparing the results of *risk analysis* (3.29) with *risk criteria* (3.31) to determine whether the *risk* (3.25) and/or its magnitude is acceptable or tolerable

[SOURCE: ISO Guide 73:2009, 3.7.1, modified — Note to entry has been deleted.]

3.31**risk criteria**

terms of reference against which the significance of a *risk* (3.25) is evaluated

[SOURCE: ISO Guide 73:2009, 3.3.1.3, modified — Notes to entry have been deleted.]

4 General requirements

The following requirements need to be fulfilled by an organization when demonstrating conformity with this document:

- a) management procedures relevant to this document shall be documented and resources shall be adequately allocated;
- b) records shall be kept up to date and provide clear, objective and auditable evidence of conformity with the requirements of this document;
- c) conformity with the requirements for the recording of legal requirements, as specified in 5.3.2, shall be demonstrated;
- d) a Due Diligence System, as specified in Clause 7, shall be implemented to ensure that only legally harvested material and legally procured material can enter the chain of custody;
- e) any input material that contains GMO, with the exception of recycled material for which the presence of GMO is unknown, shall be declared in all steps of the chain of custody;
- f) input and output information shall be given according to Clause 6 and Clause 9 of this document; and
- g) the control methods according to Clause 8 shall be established and implemented as specified in this document.

5 Organizational requirements

5.1 General

The organization shall determine the boundaries and applicability of its chain of custody system to establish its scope. The scope shall be available as documented information.

The organization shall implement a chain of custody system that ensures that the requirements in this document are met. This system shall be adapted to the type, scope, size and complexity of the organization and its operations.

NOTE In practice, implementation within small and medium-sized organizations can result in personnel being responsible for more than one duty.

5.2 Roles and responsibilities

5.2.1 Competence and requirements for the chain of custody system

The organization shall:

- a) define the competence needed for all relevant personnel that affect the performance of its chain of custody system;
- b) ensure that these persons are competent on the basis of appropriate education, training, and/or experience; and evaluate the effectiveness of relevant staff development;
- c) retain evidence of competence and maintain training records; and
- d) ensure that the relevant requirements for implementation of the chain of custody system are communicated effectively across all relevant personnel and relevant suppliers.

5.2.2 Top management

The organization's top management shall establish and document its commitment to implementing and maintaining the chain of custody requirements in accordance with this document. The commitment of the organization shall be made available publicly, and to the organization's personnel, suppliers, customers and other stakeholders, where relevant.

Top management shall:

- a) assign responsibility and authority for ensuring the chain of custody system conforms to the requirements of this document; and
- b) allocate adequate and appropriate resources to carry out its commitment, including the competence needed, training of personnel and monitoring of the organization's implementation of its chain of custody system.

5.2.3 Management

Management to which the implementation and maintenance of the chain of custody system has been assigned shall ensure that all personnel involved comply with the chain of custody requirements that are relevant to their position and duties, and shall implement a framework for reporting concerns, issues and non-conformity related to the chain of custody.

5.3 Documents and records

5.3.1 Control of information, documents and records

The organization shall establish and maintain records and documents in order to demonstrate conformity with all applicable requirements in this document.

Information from external organizations or stakeholders deemed necessary for planning, operation and management of the chain of custody shall be identified.

For the control of documented information, the organization shall define the following:

- a) distribution, access, retrieval and use;
- b) maintenance of confidentiality;
- c) storage and preservation, including preservation of legibility;
- d) change(s) in version; and
- e) retention time and disposal (considering, e.g. confidentiality).

NOTE Access can imply a decision regarding the permission to view the documented information only, or the permission and authority to view and change the documented information.

The retention time for all records and reports, including purchase and sales documents, training records, and production records, shall be at least five years and shall be specified by the organization.

5.3.2 Recording of legal requirements

The organization shall establish, implement and maintain a procedure:

- to identify the legal requirements applicable to the chain of custody; and
- to determine how these requirements apply to the chain of custody.

The organization shall document how these legal requirements are addressed.

NOTE Guidance can be found in the following informative annexes:

- social welfare and employment ([Annex A](#));
- environment ([Annex B](#)); and
- trade and customs ([Annex C](#)).

5.4 Inspection and control

5.4.1 Internal audit

The organization shall conduct internal audits at planned intervals, at least annually, to provide information on whether the chain of custody system:

- a) conforms to:
 - the requirements of this document; and
 - the organization's own requirements; and
- b) is implemented and maintained.

The organization shall use the results of the management reviews (see [5.4.3](#)) and non-conformities (see [5.4.2](#)) identified from previous audits as the basis for internal audits.

NOTE 1 For most organizations, "planned intervals" means at least annually. The frequency of the audit could be higher, depending on the complexity of the system established.

NOTE 2 Information on internal auditing is given in [Annex D](#).

NOTE 3 Guidelines for the implementation of audits can be found in ISO 19011[10].

5.4.2 Non-conformities

The organization shall establish and implement documented procedures to handle non-conformities that are related to the organization's chain of custody. The organization shall ensure that appropriate corrective actions are taken within a defined time frame. Where the material already supplied to the customer is found to be non-compliant with the Due Diligence System (DDS, [Clause 7](#)), the supplying organization shall immediately inform the receiving organization of the non-conformance and the action taken to prevent reoccurrence. Non-conformities and the actions taken shall be documented. In case of non-conforming products, the direct customers shall be informed.

5.4.3 Management review

Top management shall review the organization's chain of custody system at planned intervals, at least annually. The management review shall be documented.

The management review shall include consideration of:

- a) the status of actions from previous management reviews;
- b) major changes in external and internal issues that are relevant to the chain of custody system; and
- c) information on the chain of custody performance, including, but not limited to, major trends in:
 - non-conformities and complaints;
 - results from monitoring and evaluation; and
 - audit (internal and external) outcomes.

5.5 Complaints

The organization shall establish and implement documented procedures to handle complaints regarding the chain of custody from suppliers, customers and other stakeholders who are related to the organization's chain of custody. The organization shall ensure that appropriate corrective actions are taken. Complaints and the actions taken shall be documented.

When the organization has received a formal complaint it shall:

- a) confirm the receipt of the complaint to the complainant within the organization's established time frame;
- b) collect and verify all information necessary to evaluate and validate the complaint and to make a decision regarding the complaint; and
- c) communicate the decision regarding the complaint, and how the case has been handled, to the complainant within a time frame that is defined by the organization, and is commensurate with the complaint. Where this is not possible, the organization shall inform the complainant about the reason for the delay and the plan to resolve the complaint.

NOTE Further guidance can be found in ISO 10002[2].

5.6 Outsourcing

The organization shall have responsibility for all outsourcing and contractors related to the organization's chain of custody. The organization's chain of custody shall include processing by contractors involved in the manufacturing of products included in the scope of the organization's chain of custody, within or outside the production site.

The organization shall establish written outsourcing agreements with all relevant contractors. The agreement shall give the organization or the organization's representative access to the contractor's operations in order to ensure that requirements connected to the chain of custody and the requirements of this document are met.

The organization shall ensure that the contractor has a documented control system that ensures the material related to the organization's chain of custody system is clearly identifiable during the outsourcing process.

The organization shall ensure that contractors and subcontractors do not outsource processing without the organization's permission and that the requirements of this clause are met.

6 Input material

6.1 Categories of input material

All input material acquired shall be recorded and classified by the organization according to the four following categories based on documentation associated with each input material. If the input material does not meet any of these input categories it shall be excluded from the chain of custody. The four categories are:

- certified (see [3.9](#));
- specified (see [3.10](#));
- verified (see [3.11](#));
- recycled (see [3.12](#)).

For specified input, organizations or groups of organizations can set up their own requirements, which shall be publicly available. The requirements for specified material shall not make reference to a particular certification scheme or their trademarks without the consent of the scheme owner. The input material can be of any category as long as the specified requirements are fulfilled.

All input material within the scope of the organization's chain of custody shall be assessed in accordance with the Due Diligence System described in [Clause 7](#).

6.2 Identification and acceptance of input material

The organization shall establish and implement a procedure for identification and acceptance of all the input material. The organization shall request the supplier to provide any change in information pertaining to the agreed input material specification.

EXAMPLE The information requested can be provided via self-declaration or via a contractual agreement with the supplier.

For all input material, the organization shall obtain from the supplier the information necessary to conduct the due diligence to ensure that the input material can be correctly identified and categorized. Invoices and/or delivery notes for each delivery of input material shall include at least the following information:

NOTE This information can also be received by other means, including electronic documentation.

- a) the organization's name as the customer of the material;
- b) supplier's name and address;
- c) input material description;
- d) quantity delivered for each product covered by the documentation;
- e) date of delivery;
- f) if the input includes GMO, this shall be stated in accordance with 4 e);
- g) the level of assurance of the input information [first party (e.g. self-declaration), second party (e.g. customer assessment) or third party (e.g. certification)]; and
- h) the chain of custody process/method, if any, that was used to handle the material through the organization.

If a claim of certified input to a specific certification scheme is made, the information shall comply with the requirements of that certification scheme.

7 Due Diligence System

7.1 General requirements

The organization shall establish and implement a Due Diligence System (DDS) to verify information regarding the characteristics of all the input material. This process shall be used to include or exclude input material based on the defined requirements.

The DDS is based on risk management techniques to minimize the risk that input material does not comply with the requirements of [7.2](#), [7.3](#) and [7.4](#). For any additional requirements defined by the organization, procedures shall be established. These requirements shall be publicly available. Due diligence requires the organization to gather information about the input material in order to conduct an adequate risk assessment, and, where necessary, undertake risk mitigation.

The organization shall implement the DDS in three steps:

- a) information required (see [7.2](#), [7.3](#) and [7.4](#));
- b) risk assessment process (see [7.5](#));
- c) risk mitigation (see [7.6](#)).

7.2 General information required

The following information related to the input material shall be collected to determine the associated risk (see [7.5](#)):

- a) description of the type of product, including trade name;
- b) common name of tree species – or potential species in the case of input containing mixed species – and, where needed to confirm identification, full scientific name;
- c) country/ies of harvest, and where necessary:
 - sub-national region; and/or
 - concession of harvest;
- d) quantity (expressed in volume, weight or number of units);
- e) name and address of the input supplier/s of the organization;

- f) evidence that the applicable legal requirements are fulfilled, including that applying to legally harvested material; and

NOTE 1 Guidance related to legally harvested material is given in [Annex E](#).

- g) information on whether any input material contains GMO (not relevant for recycled material for which the presence of GMO is unknown).

The DDS shall be conducted before the material is used and repeated annually or when any information is changed.

If the material is supplied by an organization that conforms to the requirements of this document, then this material may be accepted by the receiving organization as being in the declared category without further validation.

Information mentioned under b), c) and f) above and the risk assessment as described in [7.5](#) are not required of recycled and certified materials if the requirements of [7.3](#) or [7.4](#), whichever applies, are met.

7.3 Information required for recycled material

For material claimed to be recycled, the organization shall verify information regarding the recycled nature of the input material claimed as such by the supplier.

The organization shall gather evidence that the input is indeed recycled material and that it has been legally procured.

7.4 Information required for certified material

For certified material, the organization shall verify information regarding the certification scheme to confirm that:

- its certification bodies are independent;
- the certification scheme has requirements to evaluate legality in forest management, with a scope sufficiently broad to cover the DDS requirements set by the organization; and
- the certification scheme has chain of custody requirements related to the product.

NOTE Where the material is supplied by the harvester, a certified chain of custody will not be required.

7.5 Risk assessment process

The organization shall establish risk assessment procedures enabling it to analyse and evaluate the risk of illegally harvested or illegally procured materials or products derived from such materials being placed on the market.

Using the information acquired according to [7.2](#), the organization shall undertake a risk assessment on the basis of relevant risk criteria including:

- evidence that the applicable legal requirements are fulfilled, which may include certification or evidence of compliance with other third-party verified schemes that contain requirements demonstrating that the applicable legal requirements are fulfilled;
- prevalence of illegal harvesting of specific tree species according to the restrictions or limitations set by CITES^[17] or applicable national listing of illegal harvesting;
- prevalence of illegal harvesting or practices in the country of harvest and/or sub-national region where the material was harvested, including consideration of the prevalence of armed conflict;
- official trade sanctions imposed on material imports or exports; and

— complexity of the supply chain of the material.

NOTE 1 The complexity of the supply chain can include:

- the different links in the supply chain;
- transformation processes the product has undergone and which organizations have been involved;
- countries through which the material has been transferred; and
- details of any mixing of input materials and their country of origin. For example, pulp from a number of different countries and different suppliers comprised in the final product.

The risk criteria shall be broken down into indicators defined by the organization. These indicators shall help to determine whether the supply bears a low or high risk.

NOTE 2 Examples of low and high risk indicators are given in [Annex F](#).

NOTE 3 For recycled input material, see [7.3](#).

The risk assessment shall be documented. If low risk cannot be concluded then [7.6](#) applies.

7.6 Risk mitigation

Except where low risk is identified in the course of the risk assessment procedures referred to in [7.5](#), mitigation procedures shall be put in place. These shall consist of a set of measures and procedures that are adequate and proportionate to mitigate that risk effectively. These could include the requirement of additional information or documents and/or third-party verification to ensure the legality of input materials. The organization shall document and keep records of all measures implemented. If the risk is not effectively mitigated then the material shall not be accepted as input material.

8 Chain of custody control methods

8.1 Principles and requirements

The chain of custody shall be implemented using the following control methods:

- a) physical separation (see [8.2](#));
- b) percentage (see [8.3](#));
 - single percentage;
 - rolling average percentage;
- c) credit (see [8.4](#)).

The organization shall establish and implement one or more of the methods for all products or product groups as specified in this document. Procedures shall include the amount of input and output material used for production and, where applicable, conversion factors in a period defined by the organization.

Organizations that are certified to a particular certification scheme and wish to claim certified output in accordance with that scheme need to comply with the requirements of that particular scheme, which might include the use of one or more of the methods according to its own definitions and specifications.

8.2 Physical separation method

The physical separation method ensures an unbroken link between input and output material of a specific category through all stages of the process.

The organization applying the physical separation method shall ensure that the product or product group and the category are totally separated or clearly identifiable throughout all stages of the production and/or the trading process(es), as illustrated in the example in [Figure G.1](#).

This shall be achieved by:

- a) physical separation in terms of production and storage space; or
- b) physical separation in terms of time; or
- c) clear identification of the material/products during the process.

8.3 Percentage methods

8.3.1 General

Two control methods are based on the percentage of each input category when mixing two or more materials of different input categories:

- single percentage; and
- rolling average percentage.

The key difference between the single percentage method and the rolling average percentage method is that the former is used for a defined mix of material that is reflected in each component of the product. The ratio between the input materials, based on the use of appropriate conversion factors, is reflected in all outputs at all times.

The rolling average percentage method is most often used when it is not feasible to physically receive the same amount of the particular category of material on a regular basis.

8.3.2 Single percentage method

The single percentage method mixes categories of material, in such a way that the proportion of each mixed category of material in the output is the same as its proportion in the input.

As indicated in the example in [Figure G.2](#), the single percentage method requires separation of the material into individual physical batches. The method also provides flexibility in describing the output material in a manner that is relevant to the organization.

8.3.3 Rolling average percentage method

The rolling average percentage method is based on the use of a fluctuating proportion of a particular category of material entering the organization over a defined claim period, allowing a claim of an average percentage to be made for the product/output over the claim period.

The organization shall calculate the average percentage of the material of a defined category for each product or product group. For each product or product group, the organization shall define its two claim periods, which shall reflect the input in relation to the output, as illustrated in the example in [Figure G.3](#). These input and output claim periods shall not exceed 12 months.

8.4 Credit method

The credit method is applicable when two or more categories of input material are used in a product or product group. The recorded output amount of each category shall be equivalent to the physical input, taking into account the conversion factor.

The conversion factor shall be defined within each product or product group at each site and it shall be applied to define the amount of credit to enter the credit account, when using the finished product

as the basis for calculation, or to withdraw the credit when using the raw material as the basis for calculation.

The credit account balance is calculated for each period according to either one of the following formulae:

Formula 1: To be applied when the conversion factor is applied before the material enters the account:

$$C_b = C_{bp} + (M_{in} \times r) - M_o - M_{ex} \quad (1)$$

Formula 2: To be applied when the conversion factor is applied when the material leaves the account:

$$C_b = C_{bp} + M_{in} - M_{ex} - (M_o / r) \quad (2)$$

where

C_{bp} credit balance by the end of previous period (unit, volume or weight)

C_b credit balance (unit, volume or weight)

M_{in} purchased material, into the credit account (unit, volume or weight)

M_{ex} material that expires due to being older than 24 months (unit, volume or weight)

M_o sold material, deducted from the credit account (unit, volume or weight)

r conversion factor

For each product or product group, the organization shall set up and maintain a credit account for each category used as an output declaration.

The organization shall ensure that the credit account is not overdrawn.

An organization using the credit method specified in this clause shall deduct from the credit account the respective credit of the output, up to, but not exceeding, the limit in the credit account.

The organization shall not accumulate more credit in the credit account than the sum of new credit that has been added during the previous 24 months.

Credits older than 24 months shall expire and be deducted from the credit account at the start of the following month.

NOTE The examples in [Figures G.4](#) and [G.5](#) are designed to illustrate the principle of the credit method. Other more complex scenarios can also be used in practice.

9 Output information

9.1 General

This clause describes how to transfer material-related output information to the next organization in the chain of custody. Output information shall be transferred to the next organization and includes the categories of material and the methods for handling material flow through the organization.

Based on this document alone no product claims shall be made.

9.2 Output categories

The organization shall define the output categories on the basis of the input categories defined in [6.1](#) and the chain of custody methods implemented, as defined in [Clause 8](#).

No output material/products shall be categorized as "certified" unless this output is assigned to a particular certification scheme in accordance with its rules, and permission is granted by that scheme owner to make a certified claim.

9.3 Output material declaration

The organization shall establish and implement a procedure for identification and control of all output material. For all output material, the organization shall provide the customer the information necessary to identify and categorize the output material. Invoices and/or delivery notes associated with the delivery of output material shall include at least the following information:

NOTE This information can also be given by other means, including electronic documentation.

- a) the customer's name as the buyer of the material;
- b) organization name and address;
- c) output material description including the category, according to 6.1 and 9.2;
- d) quantity delivered for each product covered by the documentation;
- e) date of delivery;
- f) if the output includes GMO, this shall be stated in accordance with 4 e);
- g) the level of assurance of the output information: first party (e.g. self-declaration), second party (e.g. customer assessment) or third party (e.g. certification);
- h) the chain of custody control method that was used to handle the material through the organization in accordance with Clause 8 of this document; and
- i) all output declarations made on the basis of this document shall be of the following form, stated completely, without abbreviation:

<Output material name (optional)> <percentage, if applicable> <categories>, if applicable <contains GMO> <method(s)>, <first> <second> <third> party assessment, ISO 38200:2018.

EXAMPLE Pulp, 50 % recycled and 50 % verified, percentage method, first party assessment, ISO 38200:2018.

If the requirements of 9.2 are fulfilled and the output material category is certified, the following additional information shall be included and verified:

- if a claim of certified output is made, the organization shall comply with the requirements of the certification scheme;
- the organization shall obtain the approval of the certification scheme in order to reference the scheme.

9.4 Use of trademarks

Any organization which uses trademarks, such as logos, labels and brand names shall demonstrate it has permission from the owner of the trademark or its representative.

Annex A (informative)

Social welfare and employment

This annex includes guidance related to [5.3.2](#).

Within the chain of custody, legislation regarding social welfare and employment addresses issues including, but not limited to:

- a) workers being prevented from associating freely, choosing their representatives, and bargaining collectively with their employer;
- b) forced labour being used;
- c) workers, who are under the minimum legal age, the age of 15, or the compulsory school attendance age, whichever is highest, being employed;
- d) workers being denied equal employment opportunities and treatment; and
- e) working conditions endangering safety or health.

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Annex B (informative)

Environment

This annex includes guidance related to [5.3.2](#).

Within the chain of custody, legislation applicable to the protection of the environment addresses issues including, but not limited to:

- management of biodiversity and natural habitats;
- pollution to air, water and soil recipients, including management of hazardous wastes;
- green house gases (GHG);
- resource efficiency; and
- risk management and emergency response.

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Annex C (informative)

Trade and customs

This annex includes guidance related to [5.3.2](#).

Within the chain of custody, legislation applicable to trade and customs includes, but is not limited to:

- bans, quotas and other restrictions on the export of materials and their products (e.g. bans on the export of protected species);
- requirements for export licences for materials;
- official authorization that entities exporting or importing materials might require (e.g. treatment of wood products to prevent spreading of pests); and
- taxes and duties applying to exports of materials.

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Annex D (informative)

Internal audits

The purpose of the internal audit is to determine to what extent the requirements given in this document are fulfilled and are effectively implemented.

Internal audits should consider the following:

- a) planning, establishing, and implementing an audit programme (including the frequency, responsibilities and reporting) to evaluate the effectiveness of the chain of custody system;
- b) defining the terms of reference and scope for each audit;
- c) determining the relative importance of key processes in planning the audit;
- d) ensuring objectivity and the impartiality of the audit process;
- e) ensuring audit results are reported to relevant staff and corrective actions implemented;
- f) retaining documented evidence of each audit, the results and any corrective actions taken;
- g) ensuring the audit covers any activities undertaken by subcontractors; and
- h) ensuring the audit covers all operations where the chain of custody system is implemented including any outsourcing activities.

EXAMPLE For a small sawmill, the steps can be handled as follows [corresponding to a) to h) above]:

- a) the managing director of the sawmill appoints a person responsible for performing an annual internal audit and reporting back to him/her;
- b) and c) several small sawmills cooperate concerning a template for the internal audit, with support from a trade organization;
- d) the person responsible for the internal audit has a person from a relevant trade organization with him/her to ensure neutrality;
- e) the person responsible for the internal audit reports to the managing director of the sawmill, who ensures that corrective actions are taken;
- f) the template from the internal audit is documented and the managing director of the sawmill documents the corrective actions taken;
- g) and h) are applied throughout the process.

Annex E (informative)

Guidance related to legally harvested material

When it comes to legally harvested material, applicable legislation addresses matters such as, but not limited to:

- rights to harvest material within legally gazetted boundaries;
- payments for harvest rights of material including duties related to harvesting of material;
- environmental and forest legislation, including that covering forest management and biodiversity conservation, directly related to harvesting of material;
- third parties' legal rights concerning use and tenure that are affected by harvesting of material; and
- trade and customs, in so far as the forest sector is concerned.

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Annex F (informative)

Examples of low and high risk indicators

NOTE Users are reminded that, in accordance with the requirements of 7.5, the risk assessment is documented. If low risk cannot be concluded then 7.6 applies.

F.1 Low risk indicators

- a) Inputs delivered with a claim by a supplier with a chain of custody/forest management certificate.
 EXAMPLE PEFC Certified, PEFC Controlled Sources, FSC Certified, FSC Controlled Wood, SFI Forest Management Standard, SFI Fiber Sourcing Standard.
- b) Supplies verified by governmental or non-governmental verification or licensing mechanisms other than forest certification schemes focused on verifying legal harvest or legal procurement.
 EXAMPLE FLEGT licences.
- c) Supplies in compliance with the CITES Regulation.
- d) Enforcement of logging-related laws in the country/region of origin.
- e) High level of forest governance and law enforcement in the country of origin.
- f) Harvest licence, provided that procedures conducted to obtain the licence are transparent, legal and open.
- g) Compliance with trade and customs legislation, in so far as the forest sector is concerned.
- h) Payment of taxes and royalties.

F.2 High risk indicators

- a) Perception of corruption related to the granting or issuing of harvesting permits and other areas of law enforcement related to harvesting and wood trade.
 EXAMPLE Corruption perception index (CPI)^[18] of the country of origin, presented by Transparency International (TI).
- b) Prevalence of armed conflict in the country/region of origin.
- c) Evidence of illegal practices by any company in the supply chain.
- d) Prevalence of illegal harvesting or practices in the country/region of origin.
- e) Complex supply chain from the country of origin.
- f) No evidence of compliance with trade and customs legislation is provided.

Annex G (informative)

Examples of chain of custody methods

G.1 Physical separation method

In the physical separation method, each category of material is totally separated or clearly identifiable throughout all stages of the production and/or the trading process, as illustrated in the example in [Figure G.1](#).

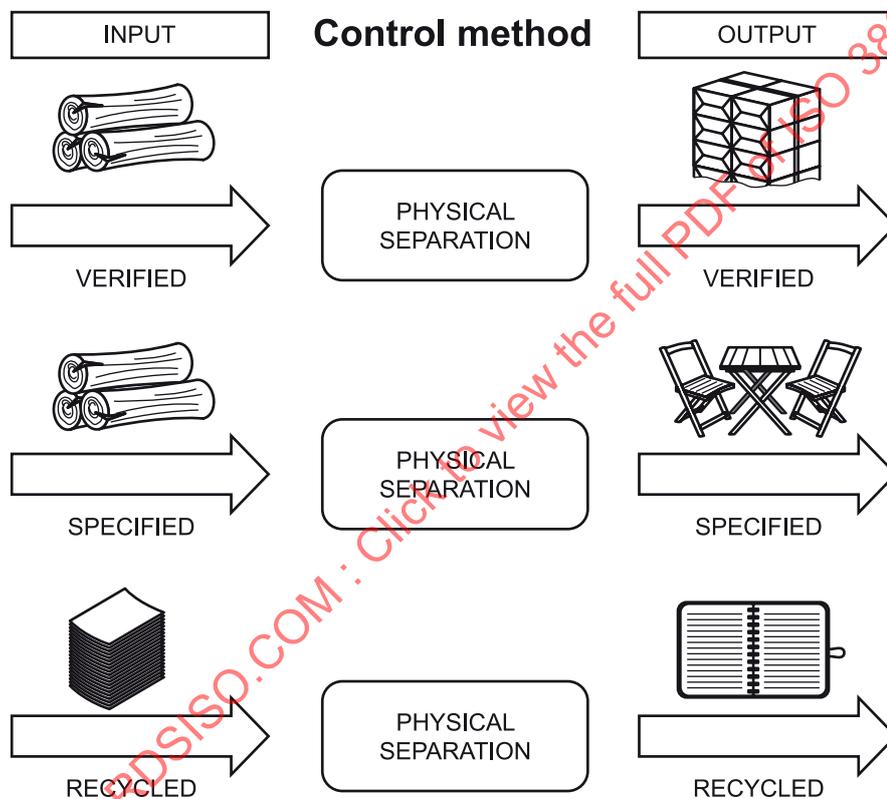


Figure G.1 — Physical separation method

G.2 Single percentage method

In [Figure G.2](#), the first example of the single percentage method, the input consists of 10 tonnes made up of 50 % verified and 50 % specified "x" material. Since the conversion factor is 0,25, 4 tonnes of input is required to produce 1 tonne of output. Thus, the output consists of $10/4 = 2,5$ tonnes made up of categories of material in the same proportion as those in the input.

In [Figure G.2](#), the second example, three separate batches of 10 tonnes each consisting of different categories of material are mixed together as input to produce 15 tonnes of output with the same proportion of each category of material (for the categories 'specified "x"' and 'recycled'). The inputs of XYZ certified and verified are shown combined (as verified) in the output:

Input: $10 \times (50/100) = 5$ tonnes verified; $10 \times (50/100) + 10 \times (30/100) = 8$ tonnes specified "x"; $10 \times (100/100) = 10$ tonnes recycled; $10 \times (70/100) = 7$ tonnes XYZ certified; for a total of 30 tonnes.