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1.1 SCOPE
What the Chain-of-Custody Standard Does
The SFI 2022 Chain-of-Custody Standard is an accounting system that tracks forest fiber content through production and manufacturing to the end product. Companies can use Chain-of-Custody certification to track and communicate how much of their product comes from certified lands, certified fiber sourcing, recycled content and/or non-certified forest content.

What the Chain-of-Custody Standard Covers
The SFI 2022 Chain-of-Custody Standard applies to any organization that sources, processes, manufactures, handles, trades, converts, or prints forest-based products.

A wood producer delivering roundwood or field chips direct from the forest to a manufacturing facility does not need to be certified to the SFI 2022 Chain-of-Custody Standard.

An organization (such as a warehouse or distribution center) that passes on SFI certified material/product does not need an SFI Chain-of-Custody system provided the SFI certified material/product is in its original packaging and the material/product is identified with an SFI 2022 Chain-of-Custody on-product label.

Geographic Application of the Chain-of-Custody Standard
The SFI 2022 Chain-of-Custody Standard applies to any organization globally.

1.2 ADDITIONAL REQUIREMENTS
Primary producers must also conform to the SFI 2022 Fiber Sourcing Standard.

Primary and secondary producers with a valid SFI 2022 Chain-of-Custody certificate can use their Chain-of-Custody procedures to make SFI-certified sourcing claims or apply the SFI certified sourcing label provided they satisfy the requirements of Part 3: Calculating the Certified Sourcing Claim in the SFI 2022 Certified Sourcing Standard.

Use of the SFI On-Product Labels and claims shall follow Section 6 — Rules for Use of SFI On-Product Labels and Off-Product Marks as well as ISO 14020:2000.

Primary and secondary producers with a valid SFI 2022 Chain of Custody certificate can use their Chain-of-Custody procedures to make PEFC chain of custody claims or apply the PEFC on-product logo provided they comply with the applicable requirements in PEFC ST 2002:2020 – Chain of Custody of Forest and Tree Based Products - Requirements and PEFC ST 2001:2020 - PEFC Trademark Rules.

1.3 REFERENCES
This standard incorporates, by dated or undated reference, provisions from other publications. These normative and informative references are cited at the appropriate places in the text and the publications are listed hereafter. For dated and undated references, the latest edition of the publication applies.

Normative References
i. ISO/IEC Guide 65:1996 General Requirements for bodies operating product certification systems
ii. ISO/IEC 17065:2012 — Conformity Assessment — Requirements for bodies certifying product, process, and services
iii. ISO/IEC Guide 2:2004 Standardization and related activities — General vocabulary
iv. ISO 14020:2000 Environmental labels and declarations — General principles
v. Section 2 — SFI 2022 Forest Management Standard
vi. Section 3 — SFI 2022 Fiber Sourcing Standard
vii. Section 4 — SFI 2022 Chain-of-Custody Standard
viii. Section 5 — SFI 2022 Certified Sourcing Standard
ix. Section 6 — Rules for Use of SFI-On-Product Labels and Off-Product Marks
x. Section 8 — SFI Policies
xi. Section 10 — Appendix 1: Audits of Multi-Site Organizations
xii. Section 12 — Public Inquiries and Official Complaints
xii. Section 14 — SFI Definitions

For the purposes of this standard, the relevant definitions given in ISO/IEC Guide 2:2004 and ISO 9000:2005 apply, together with the definitions in the SFI Definitions (Section 14).
Informative References

i. ISO 9000:2005 Quality management systems — Fundamentals and vocabulary
ii. ISO 9001:2015 Quality management systems — Requirements
iv. PEFC ST 2002:2020 Chain-of-Custody of Forest and Tree -Based Products — Requirements, February 2020
v. PEFC ST 2001:2020 - PEFC Trademark Rules, February 2020
vi. Section 7 — Guidance to SFI 2022 Standards
vii. Section 10 — SFI 2022 Audit Procedures and Auditor Qualifications and Accreditation

PART 2: PHYSICAL SEPARATION METHOD

2.1 GENERAL REQUIREMENTS FOR PHYSICAL SEPARATION

2.1.1 The Certified Organization applying the physical separation method shall ensure that the certified forest content is separated or controlled to ensure it is not mixed with or replaced by uncertified content.

2.1.2 The Certified Organization whose certified forest content and recycled content inputs are not mixed with other raw material, should use physical separation as the preferred option.

2.1.3 An Certified Organization that makes SFI claims or uses the SFI On-Product Label in association with non-timber forest products shall apply the physical separation method to ensure non-timber forest products are sourced from SFI certified lands.

2.2 SEPARATION OF THE CERTIFIED CONTENT

2.2.1 Certified content shall remain clearly identifiable throughout the entire sourcing production, trading and sales process. 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. permanent identification of the certified content.

2.2.2 Verification that certified content is controlled during the production, trading, and sales process to ensure it is not replaced by uncertified material.

PART 3: PERCENTAGE METHOD AND CREDIT METHOD (MIXED INPUTS)

3.1 GENERAL REQUIREMENTS FOR MIXED INPUTS

The percentage-based method applies to Certified Organizations with facilities where certified content is mixed with non-certified forest inputs that cannot be clearly identified in the output products. Where certified content is mixed with non-certified forest inputs that cannot be clearly identified in the output products, Certified Organizations shall use either the Percentage Method or the Credit Method.

3.2 DEFINITION OF THE PRODUCT GROUP

3.2.1 The Certified Organization shall implement the requirements for the Chain-of-Custody process of this standard for the specific product group.

3.2.2 The Certified Organization shall identify its product group(s) based on the following criteria:
   a. raw material included in the products covered by the product group;
   b. production site at which the products covered by the product group have been produced;
   c. time period over which the products covered by the product group have been produced, sold or transferred.
3.2.3 The *product group* shall be associated with (i) a single product or (ii) a group of products, which consist of the same or similar input raw material based on, for example, species, sort or substitutability within products (e.g., SPF lumber contains multiple tree species but may be treated as a single *product group*).

3.2.4 The *Certified Organization* shall identify an entity within the organization for which the *product group* is defined and only products produced or controlled by that entity shall be included within the *product group*. The *product group* may cover several sites.

Note: The entity may be a standalone manufacturing facility, a forest contractor with multiple harvest sites, a trader or distributor with multiple suppliers, a remanufacturing facility supplied by multiple *primary producers* or a centralized sales department within an organization with responsibility for multiple manufacturing units.

3.2.5 For credibility purposes the maximum *claim period* is three months.

3.2.6 The *Certified Organization* shall identify all products included in the *product group* covered by the Chain-of-Custody *claim period* so it is possible to determine the *product group* to which the products belong. The identifier can be a unique number or a name that all products within the *product group* belong to.

Note: Physical on-product identification of the *product group* is not required if the certification percentage is applied to sold or transferred products as the *product group* identification is evident from the sale or delivery documents. However, products that carry the SFI on-product label must be accompanied by the associated claim statement.

3.3 CALCULATION OF THE CERTIFIED PERCENTAGE

3.3.1 The *Certified Organization* shall calculate the certification percentage separately for each *claim period* according to the following formula:

\[
P_c = \frac{V_c}{V_c + V_o} \times 100
\]

- \(P_c\)  Certification percentage
- \(V_c\)  Certified content
- \(V_o\)  Other raw material (SFI certified sourcing)

Note: When making claims about pre- and post-consumer recycled content, both can count as *certified content* and the amount must be disclosed to the customer. For organizations choosing not to count pre- and post-consumer recycled content, the pre- and post-consumer recycled content is neutral and shall not be included in the calculation of the *certified content* percentages in Chain-of-Custody tracking.

3.3.2 The *Certified Organization* shall calculate the certification percentage based on a single measurement unit used for all raw material covered by the calculation. The Chain-of-Custody shall use only official conversion ratios and methods. If a suitable official conversion ratio does not exist, the organization shall define and use a reasonable and credible internal conversion ratio.

Note: The Conversion Factor/Ratio is calculated by dividing the output (volume or weight) by the input (volume or weight) and is applied to each individual input component of a *product group*.

3.3.3 If the procured raw material includes only a proportion of *certified content*, then only the quantity corresponding to the actual certification percentage claimed by the supplier can enter the calculation formula as *certified content*. The rest of that raw material shall enter the calculation as other *raw material*.

3.3.4 The *Certified Organization* shall calculate the certification percentage either as a simple or rolling percentage. Refer to Appendix 1 of this document for the definitions of simple and rolling percentage calculations.
3.3.5 The **Certified Organization** applying the simple certification percentage shall base the calculation of Pc (the certification percentage) for each product group on the figures for Vc (certified content) and Vo (other raw material) for that specific product group. As a result, it is necessary for the organization applying this method to know the percentage of certified content before any product of the product group is sold or transferred.

The claim period shall not exceed three months of production.

3.3.6 The **Certified Organization** applying the rolling percentage shall base the calculation of Pc (the certification percentage) for each product group and claim period on the figures for Vc (certified content) and Vo (other raw material) for a specified number of prior claim periods.

The time period covered by the specified number of prior claim periods shall not exceed 12 months.

### 3.4 PERCENTAGE METHOD

3.4.1 The **Certified Organization** applying the percentage method can claim all the products covered by the claim period, provided that the percentage of certified content is clearly communicated. To use the SFI label, the organization must meet a 70% certified content threshold. If recycled content is not used, then the label must just state, “Promoting Sustainable Forestry.”

3.4.2 If an **Certified Organization** falls below the 70% certified content threshold, the organization shall be transparent and communicate the actual percentage of certified content.

### 3.5 CREDIT METHOD

3.5.1 The **Certified Organization** shall apply the credit method for a single claim. The organization receiving a single delivery of material with more than one claim relating to the category of origin shall either use it as a single inseparable claim (e.g., SFI/PEFC certified content) or shall only use one from the received claims (SFI or PEFC certified) for calculating the credits. The credits shall be distributed to the output products from the credit account in a way that all products sold as certified are sold as 100% certified.

3.5.2 The **Certified Organization** shall recognize credits in a single measurement unit used for all raw material inputs and shall enter the credits into the credit account. The credit account may be established for individual product types of the product group or for the whole product group where the same measurement unit is applied to all product types.

3.5.3 The **Certified Organization** shall calculate the credits using either:

a. certification percentage (clause 3.3) and volume of output products (clause 3.5.4) or

b. input material (certified forest content / pre-consumer recycled / post-consumer recycled) and input/output ratio (clause 3.5.5).

3.5.4 The **Certified Organization** applying the certification percentage shall calculate the credits by multiplying the volume of output products of the product group by the certified percentage.

3.5.5 The Certified Organization must demonstrate a verifiable ratio between the input material and output products. The credits may be calculated directly from the input certified material by multiplying the volume of the input certified material by the input/output ratio and accounting for manufacturing losses.

3.5.6 The labels used for the credit method are shown in Section 6. Rules for Use of SFI On-Product Labels and Off-Product Marks.

3.5.7 The **Certified Organization** can accumulate the SFI certified credits or recycled credits by creating a credit account, which can be used for the next claim period.

a. The total quantity of credits cumulated at the credit account cannot exceed the sum of credits entered into the credit account during the last 24 months.

b. An **Certified Organization** that is using the credit method but has yet to complete its initial certification can start counting all eligible credit after the completion of a successful internal audit of the Chain-of-Custody system and completion of a management review of the Chain-of-Custody system performance. Eligible credits can be accumulated up to 365 days prior to the initial registration audit. Accumulated credits can be utilized for the sale of products only after successful completion of the registration audit and receipt of the Chain-of-Custody certificate from their certification body.
4.1 IDENTIFICATION AT DELIVERY LEVEL
The Certified Organization shall identify and verify the category of the origin of all procured raw material. Documents and/or verifiable information associated with the source and/or delivery of raw material shall include at least:

- supplier identification,
- quantity of delivery,
- date of delivery / delivery period / accounting period,
- category of origin,
  - SFI X% Certified Forest Content
  - SFI X% Recycled Content
  - SFI X% Pre-Consumer Recycled
  - SFI X% Post-Consumer Recycled
  - SFI X% Certified Sourcing or SFI Certified Sourcing
  - SFI at Least X% Certified Forest Content
  - SFI 100% from a Certified Forest
  - SFI 100% Certified Forest Content - Raw material from a forest certified to an acceptable forest management standard constitutes a claim of 100% certified forest content
  - SFI Credit or 100% as calculated under the credit method.
- The supplier’s SFI 2022 Forest Management Standard, SFI 2022 Chain-of-Custody Standard, SFI 2022 Fiber Sourcing Standard, PEFC Chain-of-Custody Standard, or other acceptable forest management standards certificate number, as applicable.

This information can be documented in the form of, but not limited to, an invoice, bill of lading, shipping document, letter, or other forms of communications between the Certified Organization and the next entity in the supply chain.

Note 1: The categories of the origin of raw material are specified in the SFI Definitions (Section 14).

Note 2: A Certified Organization (e.g., printer or lumberyard) that uses the physical separation method and sources inputs from a supplier that uses the percentage-based method must know the percentage of certified content if it wants to label products or make claims about them.

4.2 IDENTIFICATION AT SUPPLIER LEVEL
The Certified Organization shall obtain or access confirmation documentation for all suppliers of the certified content, which proves that the criteria set for the supplier have been met.

PART 5: SALE OF CERTIFIED CONTENT PRODUCTS

5.1 At the point of sale or transfer of the certified products to another entity, the Certified Organization shall provide the next entity in the chain with written information confirming the supplier’s certification status and an official SFI claim statement providing a clear indication of input category. This can be in the form of, but not limited to, an invoice, bill of lading, shipping document, letter or other forms of communications available to the customer at the time of the sale of the product.

5.2 The Certified Organization shall ensure that documentation of the certified products clearly states at least the following information:

- certified organization’s identification,
- quantity of delivery,
- date of delivery / delivery period / accounting period,
- an official SFI claim,
  - SFI X% Certified Forest Content
  - SFI X% Recycled Content

1 Primary and secondary producers with a valid SFI 2022 Chain of Custody certificate can use their Chain-of-Custody procedures to make PEFC chain of custody claims or apply the PEFC on-product logo provided they comply with the applicable requirements in PEFC ST 2002:2020 - Chain of Custody of Forest and Tree Based Products – Requirements and PEFC ST 2001:2020 - PEFC Trademark Rules. A matrix on SFI and PEFC category of origin alignments is available in the Guide to the SFI Standards and Rules (Section 7).

2 Primary and secondary producers with a valid SFI 2022 Chain of Custody certificate can use their Chain-of-Custody procedures to make PEFC chain of custody claims or apply the PEFC on-product logo provided they comply with the applicable requirements in PEFC ST 2002:2020 - Chain of Custody of Forest and Tree Based Products – Requirements and PEFC ST 2001:2020 - PEFC Trademark Rules. A matrix with SFI and PEFC category of origin alignments is available in the Guide to the SFI Standards and Rules (Section 7).
iii. SFI X% Pre-Consumer Recycled
iv. SFI X% Post-Consumer Recycled
v. SFI X% Certified Sourcing or SFI Certified Sourcing
   (Note: Percentages of any combination of the above are permissible.)
vi. SFI Credit or 100% as calculated under the credit method.
vii. SFI at Least X% Certified Forest Content
viii. SFI 100% from a Certified Forest
ix. SFI 100% Certified Forest Content
e. the Certified Organization’s Chain-of-Custody certificate number.

5.3 If the Certified Organization uses the off-product mark or on-product label, both on-product and off-product usage shall be carried out according to the terms and conditions of the Office of Label Use and Licensing and the Rules For Use of SFI On-Product Labels and Off-Product Marks (Section 6 in the SFI 2022 Standards and Rules).

**PART 6: REPORTING REQUIREMENTS**

6.1 Primary or secondary producers outside the United States and Canada must submit to the SFI Office of Label Use and Licensing:

Specific examples of proposed SFI on-product label use and related promotional literature to the Office of Label Use and Licensing, in keeping with the Rules for Use of SFI On-Product Labels and Off-Product Marks (Section 6 in the SFI 2022 Standards and Rules document).

**PART 7: DUE DILIGENCE SYSTEM TO AVOID CONTROVERSIAL**

7.1 DEFINITION OF CONTROVERSIAL SOURCES

a. Forest activities which are not in compliance with applicable state, provincial, federal, or international laws.
b. Forest activities that are contributing to regional declines in habitat conservation and species protection (including biodiversity and special sites, Alliance for Zero Extinction sites and key biodiversity areas, threatened and endangered species).
c. Conversion sources originating from regions experiencing forest area decline.
d. Forest activities where the spirit of the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at work (1998) are not met.
e. Forest activities where the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (2007) are not met.

f. Fiber sourced from areas without effective social laws
h. Conflict Timber
i. Genetically modified trees via forest tree biotechnology

7.2 ACCESS TO INFORMATION

7.2.1 The Certified Organization shall collect information on the source of the forest-based product, through a due diligence system to address the likelihood of sourcing from controversial sources.

a. Identification of tree species, or list of tree species potentially included, by their common name and or their scientific name where applicable.
b. Country or region of harvest of the material.
c. If requested by their customer, provide the information required in a. and b.

Recycled content is exempt from a due diligence system to address the likelihood of sourcing from controversial sources.

7.2.2 The Certified Organization can consider forest based products low risk and exempt from due diligence when:

a. Procured from a supplier with a valid SFI Section 2 (SFI 2022 Forest Management Standard) certificate, or other acceptable forest management standards, that clearly indicates that the source is within the scope of the certification; or
b. Procured from a supplier with a valid SFI Section 3 (SFI 2022 Fiber Sourcing Standard) certificate that clearly indicates that the source is within the scope of the certification and/or the due diligence system; or
c. Procured from a supplier with a valid SFI Section 4 (SFI 2022 Chain-of-Custody Standard), or other credible Chain-of-Custody standard certificate and/or the due diligence system; or
d. Procured from a supplier with a valid SFI Section 5 (SFI 2022 Certified Sourcing Standard) certificate and/or the due diligence system;

7.3 DEVELOP AND IMPLEMENT A DUE DILIGENCE SYSTEM

7.3.1 The Certified Organization shall develop and implement a Due Diligence System (DDS) to assess and manage the risk of sourcing forest-based products from controversial sources in accordance with the requirements of this standard.

7.3.2 The DDS risk assessment shall classify material into low- and high-risk categories

7.3.3 The risk assessment shall be carried out at the regional level unless risk is consistent at the national level.

7.3.4 The Certified Organization shall review, and if necessary, revise its risk ratings on at least an annual basis.

7.3.5 The Certified Organization shall conduct a risk assessment before the first time of delivery for each new region of supply.

7.4 SUBSTANTIATED CONCERNS DUE TO ORGANIZATION’S RISK ASSESSMENT

7.4.1 The Certified Organization shall have a program to assess any substantiated concern. A substantiated concern is information supported by proof or evidence, indicating that forest-based material originates in controversial sources. Substantiated concerns can be concerns by third parties, as well as concerns of the Certified Organization itself.

7.4.2 The Certified Organization shall update its risk assessment to reflect substantiated concerns associated with a region of origin identified through internal data or public data.

7.5 MANAGEMENT OF HIGH-RISK FOREST-BASED PRODUCTS

7.5.1 Where the risk assessment determines high risk, the Certified Organization shall implement a program to mitigate such risk and require a signed contract and/or self-declaration that the supplied forest-based product does not originate from controversial sources.

7.5.2 For each supply source where the risk is high, the risk assessment shall also identify the specific verifiable controls that the Certified Organization has in place to substantially reduce the risk of sourcing forest-based products from controversial sources.

7.5.3 Where an Certified Organization receives forest-based products, and then learns these forest-based products are from controversial sources, if possible, these forest-based products shall be segregated and prevented from entering the Chain-of-Custody system. If forest-based product has already entered the Chain-of-Custody system and cannot be segregated additional corrective measures shall be implemented to avoid future controversial sources. If subsequent verification demonstrates that the risk of this fiber originating from controversial sources is low, these forest-based products can re-enter the Chain-of-Custody system.

7.5.4 The Certified Organization shall identify the verifiable measures that the Certified Organization must implement across the full supply chain for each source of supply identified as high risk to ensure that the supply is not from controversial sources, which will include:
a. Assessing the operating effectiveness of verifiable measures, through field-based verification.
b. For direct sources, include field and document verification of controversial sources risk factors back to the forest units from which fiber is sourced.
c. For indirect sources, include site and document verification of suppliers (such as lumber suppliers, chip suppliers and wood yards) to establish the absence of controversial sources risk factors in their inputs and sample-based field verification of their supply sources back to the forest units from which they source fiber.

7.5.5 Where sampling is conducted as part of the verification program, the sampling program shall be risk based to draw valid conclusions across all fiber inputs.

7.6 AVOIDANCE OF CONTROVERSIAL SOURCES

7.6.1 Where the verifiable measures are not considered to be effective in reducing the risk of receiving fiber from controversial sources to low, fiber from these sources shall be avoided.
8.1 GENERAL REQUIREMENTS
The Certified Organization shall operate a management system in accordance with the following elements of the SFI 2022 Chain-of-Custody Standard, which ensure correct implementation and maintenance of the Chain-of-Custody process. The management system shall be appropriate to the type, range and volume of work performed.

Note: An Certified Organization’s quality (ISO 9001:2015) or environmental (ISO 14001:2015) management system can be used to meet the minimum requirements for the management system defined in this standard.

8.2 RESPONSIBILITIES AND AUTHORITIES FOR CHAIN-OF-CUSTODY

8.2.1 The Certified Organization’s management shall define and document its commitment to implement and maintain the Chain-of-Custody requirements, and make this available to its personnel, suppliers, customers, and other interested parties.

8.2.2 The Certified Organization’s management shall appoint a member of the management who, irrespective of other responsibilities, shall have overall responsibility and authority for the Chain-of-Custody.

8.2.3 The Certified Organization’s management shall carry out a regular periodic review of the Chain-of-Custody and its compliance with the requirements of this standard.

8.2.4 The Certified Organization shall demonstrate its commitment to comply with the social, health and safety requirements defined in this standard, including the spirit of ILO Declaration on Fundamental Principles and Rights at Work (1998).

8.2.5 The Certified Organization shall identify personnel performing work affecting the implementation and maintenance of the Chain-of-Custody, and establish and set responsibilities and authorities relating to the Chain-of-Custody process:
   a. raw material procurement and identification of the origin;
   b. product processing covering physical separation, percentage calculation, or credit and transfer into output products;
   c. product sale and labeling;
   d. record keeping; and
   e. internal audits and nonconformity control.

8.2.6 Certified Organizations shall have a system to comply with all applicable social laws at the federal, provincial, state, and local levels in the country in which the Certified Organization operates. This includes having a policy demonstrating compliance with social laws, such as those covering civil rights, equal employment opportunities, anti-discrimination and anti-harassment measures, workers’ compensation, Indigenous Peoples’ rights, workers’ and communities’ right to know, prevailing wages, workers’ right to organize and occupational health and safety.

8.3 DOCUMENTED PROCEDURES
The Certified Organization’s procedures for the Chain-of-Custody shall be documented, and include at least the following elements:
   a. description of the raw material flow within the production process;
   b. organization structure, responsibilities and authorities relating to Chain-of-Custody; and
   c. procedures for the Chain-of-Custody process covering all requirements of this standard.

8.4 RECORD KEEPING

8.4.1 The Certified Organization shall establish and maintain records to provide evidence it has conformed to the requirements of this standard and its Chain-of-Custody procedures are effective and efficient. The organization shall keep at least the following:
   a. records of all suppliers of forest-based material, including information to confirm requirements at the supplier level are met;
   b. records of all purchased forest-based raw material, including information on its origin;
   c. records that demonstrate how the certification percentage for each product group was calculated;
   d. records of all forest-based products sold and their claimed origin, including, as applicable, records of movements in credit accounts;
   e. records of internal audits, nonconformities that occurred and corrective actions taken;
   f. records of top management’s periodic review of compliance with Chain-of-Custody requirements; and
   g. records of all complaints received from suppliers, customers, and other parties relating to its Chain-of-Custody system.

8.4.2 The Certified Organization shall maintain the records for a minimum period of three years unless stated otherwise by law.
8.5 RESOURCE MANAGEMENT

8.5.1 Human Resources/Personnel:
The Certified Organization shall ensure that all personnel performing work affecting the implementation and maintenance of the Chain-of-Custody shall be competent based on appropriate training, education, skills, and experience.

8.5.2 Technical Facilities:
The Certified Organization shall identify, provide, and maintain the infrastructure and technical facilities needed for effective implementation and maintenance of the organization’s Chain-of-Custody to meet the requirements of this standard.

8.6 INTERNAL AUDIT AND MANAGEMENT REVIEW

8.6.1 The Certified Organization shall conduct internal audits at least annually, and prior to the initial certification audit, covering all requirements of this standard and establish corrective and preventive measures if required.

8.6.2 The Certified Organization shall conduct the internal audit in accordance with the following requirements:
   a. The internal audit shall be undertaken by personnel that have adequate knowledge of the SFI 2022 Chain-of-Custody Standard;
   b. Off-site interviews and desk audits are permissible;
   c. If there have been no inputs or outputs for a site or manufacturing facility over the past year, internal audits are not required;
   d. If a site or manufacturing facility has had no sales of SFI certified products over that past year, internal audits are not required;
   e. Internal audits are to assess overall organizational conformance and internal audit documentation can consist of one consolidated internal audit checklist and/or report; and
   f. Where nonconformities are identified during the internal audit process, a corrective action plan shall be developed at the site and/or organizational level.

8.6.3 The Certified Organization shall have its rationale for remote audits and its sampling procedure audited by its certification body.

8.6.4 The results of internal audits shall be reported to management for review during the annual management review.

8.7 In accordance with clause 8.4.1 g and SFI Section 12, the Certified Organization shall establish procedures for dealing with complaints from suppliers, customers, and other parties relating to its Chain-of-Custody system. If requested by SFI, provide SFI a summary of complaints received.

PART 9: OUTSOURCING AGREEMENTS

9.1 The Certified Organization may outsource activities covered by its SFI Chain-of-Custody to another entity.

9.2 Through all stages of outsourcing the Certified Organization shall be responsible for ensuring that all outsourced activities meet the requirements of this standard, including management system requirements. The Certified Organization shall have a written agreement with all entities to whom activities have been outsourced, ensuring that:
   a. The material/products covered by the Certified Organization’s SFI Chain-of-Custody are clearly identified from other material or products.
   b. The Certified 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.
   c. Internal audits of outsourced activities should be conducted at least annually and before the outsourced activity starts.
   d. Records of inputs/outputs are available.

9.3 Where the Certified Organization has outsourced activities within the scope of its Chain-of-Custody, the Certified Organization shall develop procedures for the audit of these contractors.

9.4 The internal audit of outsource contractors may be conducted remotely.

9.5 Where there are sufficient outsource contractors the internal audit may use a sampling approach for these contractors.
Definition of the Product Group

The SFI 2022 Chain-of-Custody Standard at Part 3.2 and Appendix 1 allows a Certified Organization to define the product group(s) for which the certification percentage is calculated. The product group should be identified for specific products or groups of products. The Certified Organization should include in one product group only products which consist of the same raw material. For example, a printer could identify as a product group the paper usage for all inserts, order-forms, offset body, gravure body, and cover products being bound or stitched together into the final product of a magazine or catalog.

Other examples are listed in Table 1.

**Table 1: Example of Chain-of-Custody product group**

<table>
<thead>
<tr>
<th>Output products</th>
<th>Input raw material</th>
<th>Chain-of-Custody product group</th>
<th>Units for credit account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spruce lumber A</td>
<td>Spruce, Pine, Fir (SPF) sawlogs</td>
<td>Spruce, Pine, Fir (SPF) products</td>
<td>Tons of Spruce, Pine, Fir (SPF) sawlogs</td>
</tr>
<tr>
<td>Pine lumber B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fir lumber C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fir/Spruce/Pine (SPF) chips</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alder lumber A</td>
<td>Alder sawlogs</td>
<td>Alder products</td>
<td>Tons of Alder sawlogs</td>
</tr>
<tr>
<td>Alder lumber B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alder lumber C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alder chips</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alder/Pine/Spruce sawdust</td>
<td></td>
<td>Residue products</td>
<td>Tons of Alder/Spruce, Pine Fir (SPF) sawlogs</td>
</tr>
<tr>
<td>Alder/Pine/Spruce bark</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Calculation of the Certification Percentage**

The Certified Organization can use two methods to calculate the certification percentage (simple percentage or rolling percentage):

**Simple Percentage**

The certification percentage for the specific product group is calculated from the material included in that specific product group. As a result, the Certified Organization applying this method must know the percentage of certified content before any product from that product group is sold or transferred.

**Rolling Percentage**

The rolling percentage is obtained by using the quantity of raw material procured in the specified previous period. As a maximum, the rolling percentage can be applied over the last 12 months.

**Example of a Three-Month Rolling Percentage**

The certification percentage for the product group is calculated from volumes of certified and other raw material procured during the previous three-month period (excluding the current product group).

Note: When the Certified Organization starts the Chain-of-Custody and the time period used in rolling percentage calculation is longer than the time period the Chain-of-Custody has been in place, the calculation of the rolling percentage is carried out from the volumes procured since the Chain-of-Custody was established. An example is given in Table 2: The first rolling percentage (month 1) is calculated only from volumes procured in month 1, the second rolling percentage (month 2) is calculated only from volumes procured in months 1 and 2.
Table 2: Example of three-month rolling percentage calculation

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of the 1 month calculation period</td>
<td>Volume of certified raw material procured (tons)*</td>
<td>Volume of other raw material (tons)*</td>
<td>Sum of volumes of certified raw material for previous 3 months (tons)</td>
<td>Sum of volumes of other raw material for previous 3 months (tons)</td>
<td>3-month rolling percentage</td>
</tr>
<tr>
<td>j=i</td>
<td>Vc</td>
<td>Vo</td>
<td>Vc(3)</td>
<td>Vo(3)</td>
<td>Pc(3)</td>
</tr>
<tr>
<td>1</td>
<td>11</td>
<td>90</td>
<td>11</td>
<td>90</td>
<td>10.89%</td>
</tr>
<tr>
<td>2</td>
<td>12</td>
<td>90</td>
<td>23</td>
<td>180</td>
<td>11.33%</td>
</tr>
<tr>
<td>3</td>
<td>13</td>
<td>90</td>
<td>36</td>
<td>270</td>
<td>11.76%</td>
</tr>
<tr>
<td>4</td>
<td>14</td>
<td>90</td>
<td>39</td>
<td>270</td>
<td>12.62%</td>
</tr>
<tr>
<td>5</td>
<td>15</td>
<td>90</td>
<td>42</td>
<td>270</td>
<td>13.46%</td>
</tr>
<tr>
<td>6</td>
<td>16</td>
<td>90</td>
<td>45</td>
<td>270</td>
<td>14.29%</td>
</tr>
<tr>
<td>7</td>
<td>17</td>
<td>90</td>
<td>48</td>
<td>270</td>
<td>15.09%</td>
</tr>
<tr>
<td>8</td>
<td>18</td>
<td>90</td>
<td>51</td>
<td>270</td>
<td>15.89%</td>
</tr>
<tr>
<td>9</td>
<td>19</td>
<td>90</td>
<td>54</td>
<td>270</td>
<td>16.67%</td>
</tr>
<tr>
<td>10</td>
<td>20</td>
<td>90</td>
<td>57</td>
<td>270</td>
<td>17.43%</td>
</tr>
<tr>
<td>11</td>
<td>21</td>
<td>90</td>
<td>60</td>
<td>270</td>
<td>18.18%</td>
</tr>
</tbody>
</table>

Continues

* The volume figures given in the table above are only examples

Example of calculation given in Table 2:

a. [column 4] Volume of certified raw material is calculated as sum of volumes of certified raw material procured in the previous 3 months. 
   \[ Vc(3)_6 = \sum_{j=i}^{i-2} Vc_j = Vc_{16} + Vc_{15} + Vc_{14} \]
   \[ Vc(3)_6 = 16 + 15 + 14 = 45 \text{ [tons]} \]

b. [column 5] Volume of other raw material is calculated as sum of volumes of other raw material procured in the previous 3 months. 
   \[ Vo(3)_6 = \sum_{j=i}^{i-2} Vo_j = Vo_{19} + Vo_{18} + Vo_{17} \]
   \[ Vo(3)_6 = 90 + 90 + 90 = 270 \text{ [tons]} \]

c. [column 6] The rolling percentage is calculated according to the formula of chapter 3.3.1: 
   \[ Pc = \frac{Vc}{Vc + Vo} \]
   \[ Pc_6 = \frac{45}{45 + 270} = 0.1429 \]

Note: The product group period does not need to be equal to the calculation period if it does not exceed the length of the calculation period.
Credit Accumulation

The Certified Organization can establish a credit account for the input raw material used in the specific product group or for specific products of the product group if 3.5.2 applies.

### Table 3: Example of credit accumulation (in tons)

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of 1 month’s product group</strong></td>
<td><strong>Credit volume for the product group</strong></td>
<td><strong>Credit account</strong></td>
<td><strong>Maximum credit account</strong></td>
<td><strong>Used credits</strong></td>
</tr>
<tr>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>7.78</td>
<td>7.78</td>
<td>7.78</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>8.17</td>
<td>15.95</td>
<td>15.95</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>8.56</td>
<td>24.51</td>
<td>24.51</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>9.28</td>
<td>33.79</td>
<td>33.79</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>9.99</td>
<td>43.78</td>
<td>43.78</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>10.70</td>
<td>54.48</td>
<td>54.48</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>11.41</td>
<td>65.89</td>
<td>65.89</td>
<td>0</td>
</tr>
<tr>
<td>9</td>
<td>12.12</td>
<td>78.01</td>
<td>78.01</td>
<td>0</td>
</tr>
<tr>
<td>10</td>
<td>12.83</td>
<td>90.84</td>
<td>90.84</td>
<td>0</td>
</tr>
<tr>
<td>11</td>
<td>13.54</td>
<td>104.39</td>
<td>104.39</td>
<td>0</td>
</tr>
<tr>
<td>12</td>
<td>14.25</td>
<td>118.64</td>
<td>118.64</td>
<td>0</td>
</tr>
<tr>
<td>13</td>
<td>14.96</td>
<td>133.61</td>
<td>133.61</td>
<td>0</td>
</tr>
<tr>
<td>14</td>
<td>15.68</td>
<td>141.50</td>
<td>141.50</td>
<td>5</td>
</tr>
<tr>
<td>15</td>
<td>16.38</td>
<td>149.72</td>
<td>149.72</td>
<td>10</td>
</tr>
<tr>
<td>16</td>
<td>17.09</td>
<td>158.25</td>
<td>158.25</td>
<td>50</td>
</tr>
<tr>
<td>17</td>
<td>17.80</td>
<td>166.78</td>
<td>166.78</td>
<td>50</td>
</tr>
<tr>
<td>18</td>
<td>18.51</td>
<td>175.30</td>
<td>175.30</td>
<td>100</td>
</tr>
</tbody>
</table>

Example of calculation given in Table 3 for the product group of month 14:

d. [column 2] includes credit calculated for 1 month product group. (Values for months 1-11 are taken from Table 2.)

e. [column 3] Credit account is calculated as a result of the credit account in the previous month [column 3, month 14] minus credits used in the previous month [column 5, month 14] plus credit calculated for the current month [column 2, month 15].

$$[3]_{14} - [5]_{14} + [2]_{15} = 141.50 - 5 + 16.38 = 152.88 \text{ tons}$$

Total quantity accumulated in the credit account cannot exceed credits entered into the credit in the previous 12 months [column 4 = 149.72] (chapter 3.4.2.4)

152.88 > 149.72, therefore credit account is 149.72 [tons]

f. [column 4] Maximum credit account is calculated as a sum of credits entered into the credit account during the last 12 months [column 2, month 4-15].

Use of the Credit Account
The credit account shall be drawn down as certified sales are made. The number of credits removed from the account shall be based on the ratio of input/output volume for the specific products sold as certified. Table 4 shows an example of the drawdown of the credit account for different product sales.

Table 4: Example of drawdown of the credit account for different product sales

<table>
<thead>
<tr>
<th>Credit account balance (raw material credits)</th>
<th>Product</th>
<th>Input/output ratio</th>
<th>Volume of certified sales</th>
<th>Reduction to credit account balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
<td>A</td>
<td>1/1</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>180</td>
<td>B</td>
<td>4/1</td>
<td>40</td>
<td>160</td>
</tr>
<tr>
<td>20</td>
<td>C</td>
<td>2/1</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>