

SFI CHAIN OF CUSTODY SELF-ASSESSMENT FOR PROSPECTIVE ORGANIZATIONS



Chain of Custody (CoC) is a non-financial accounting system that tracks forest fiber content (SFI-certified forest content, certified sourcing, and recycled content) through production and manufacturing to the end product.

The following document provides an overview of the questions and processes to consider before pursuing certification to the SFI 2022 Chain of Custody Standard.

GETTING STARTED

- 1. Download and read the SFI CoC Standard.** Obtain and read through the SFI 2022 Chain of Custody Standard and the Guidance to the SFI Standards. In the Guidance document, focus on Parts 3, 4, and 5 which are relevant to the SFI 2022 Chain of Custody Standard. Both documents are posted on [SFI's website](#) – and linked below:
 - [SFI 2022 Chain of Custody Standard](#)
 - [Guidance to SFI 2022 Standards and Rules](#), Parts 3, 4, and 5.
- 2. Determine staff involvement.** Identify staff who will manage and implement the CoC system to ensure everyone is included in relevant training and scoping of the CoC system. Staff members with roles and responsibilities related to accounting, material sourcing, production, inventory control, and sales should be considered.
- 3. Understand your staff's capacity.** Determine if your organization has the in-house capacity to implement a CoC system and get 'audit ready', both in terms of staff bandwidth and of subject matter understanding. Staff time will need to be invested up front to understand the standard and implement a system that demonstrates compliance with all of the CoC requirements. Once this is set up, staff time will be required to regularly update the system, complete an annual audit, and implement any resulting opportunities for improvement or non-compliances. If your organization has in-house staffing constraints or timing pressures (i.e., needing to be certified by a certain date), you may benefit from using an external consultant to assist in building your SFI CoC system. SFI can provide contact details for CoC implementation consultants.
- 4. Review your supply streams.** Identify your suppliers and understand if they are certified to an SFI certification standard. Do they also sell products with SFI claims?
- 5. Review your customer demand.** Determine what SFI claims (or labels) your customers will require or request on the products your company manufactures: SFI Chain of Custody claim? SFI-certified Sourcing claim?
- 6. Determine the scope of your systems.** Reflect on the scope of your CoC system to better understand how the standard will be implemented across your entire organization.

The full scope of your system will be determined with the help of your certification body (the audit firm you choose to hire). The following questions will aid in getting started:

- Does your system cover a single site? (A site is a permanent location where an organization carries out work or a service)
- Does your system have multiple sites?
- Do you have sites in more than one country?
- Where will the CoC system be managed from?
Note: This could be your organization's headquarters or the location of the person responsible for managing the CoC system.

7. Verify if anything is outsourced. Determine if your manufacturing process(es) use(s) outsourced contractors to ensure they are included in the scope of your CoC system.

- You will need to identify all those that are needed to make products intended to carry an SFI claim or an SFI on-product label.
- Do you have legal agreements with these outsource contractors?

8. Decide on your product groups. Define your product group(s) based on what will be tracked through your CoC system. A product group should only include products that consist of the same raw material. For example, a printer could determine a product group to be the paper 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. Your product group(s) is based on:

- Raw material inputs. This could include sawlogs of the same species or all the paper inputs going into a magazine.
- Production site(s). Single site or multiple sites?
- Time period during which a product is produced, sold, or transferred, up to a maximum of three months.
- Whether it is a single product or group of products.

9. Choose a Certification Body. Determine which [Certification Body](#) your organization will work with.

- We recommend getting multiple quotes from different Certification Bodies so you can find the best fit for your organization.
- Once you have selected a Certification Body, determine a date for the initial certification audit.
- *Note:* Implementing your CoC system and conducting an internal audit can take a few months, on average, before an external audit with a certification body can take place.
- *Note:* Once you pass your initial certification audit, you will be required to undergo an annual surveillance audit for the next 4 years to maintain your certification. After that time you will undergo recertification audit after 5 years.

Once you determine that SFI Chain of Custody is right for you, you can begin to prepare for your initial certification audit. Your Certification Body will provide you with guidance on the required processes and documentation.



SFI CHAIN OF CUSTODY AUDIT PREPARATION CHECKLIST

Step 1: Documented Procedures

- Your organization needs a set of written CoC procedures.
 - These procedures can be a single document or a series of documents which collectively make up your organization's chain of custody procedures.
 - The procedures should mirror your organization's receiving, production, shipping sales and accounting processes.
 - Procedures should clearly define roles and responsibilities for all staff involved with the CoC system (e.g. accounting staff; receiving, production and shipping staff, and sales staff
 - Include instructions for the applicable chain of custody method – Physical Separation, Percent or Credit methods as applicable (these methods are defined at the end of this document).

Step 2: Employee Training

- All staff and contractors with CoC responsibilities should be trained regarding their role in implementing it. This would include staff responsible for accounting, material sourcing, shipping and receiving, production, and sales.
- Know how to record information for:
 - i. purchased certified input materials (e.g., logs, pulp, paper rolls, corrugated sheets, etc.) and
 - ii. sales data (e.g., volumes sold, credits expired per sale, CoC claim, buyer, date of sale).
- See Parts 4 and 5 of the SFI Chain of Custody standard for more information.
- Maintain up to date records of training sessions (dates, topics, attendees).

Step 3: Supplier Verification

- Regularly verify supplier SFI certification status either via the appropriate website or request valid SFI certificates from all suppliers.
- Ensure employees know how to verify certified materials upon receipt (i.e., checking certificates for validity online at www.sfidatabase.org.)
- Store copies of certificates and invoices in an organized system.

Step 4: Tracking Materials

- Maintain a spreadsheet (or system) to track certified & non-certified purchases.
- Record material type, supplier, amount purchased, and certification details.
- Ensure regular updates (monthly or quarterly).

Step 5: Sales & Labeling Controls

- Only label products as certified if they meet SFI Chain of Custody requirements. Submit all new instances of SFI label use to the [SFI Office of Label Use and Licensing](#) for approval. Full rules that govern SFI on-product labelling can be found in [Section 6 of the SFI Standards](#).
- Clearly indicate SFI claims on invoices and shipping documents.
- Store records of labeled product sales for at least 3 years in a secure manner without risk of data deletion or corruption.

Step 6: Internal Audit (Before the Initial Certification Audit)

- Review supplier records, purchased records, and sales invoices.
- Verify calculations for percent or volume credit method.
- Fix any missing or incorrect data.

Step 7: Record Keeping

- Organize all records in folders (digital or physical).
- Maintain records for at least 3 years or the legally required time period in your jurisdiction.
- Ensure easy access for auditors. Post to a shared drive, Google docs, etc.

Lastly, there are three methods of tracking certified content through your supply chain: Physical Separation, Percent, and Credit. You must determine which method(s) works best in the context of your organization.

METHODS OF TRACKING CERTIFIED CONTENT

Physical Separation

The certified organization applying the physical separation method must ensure that the certified content is separated or controlled to ensure it is not mixed with or replaced by uncertified content.

Percentage Method

This method averages out how much certified material you use over time.

With the percentage method the certified content of a SFI product is calculated for a specified claim period, based on the input materials included in the SFI product group. The percentage method allows manufacturers to incorporate a blend of SFI-certified and eligible non-certified materials into their products while still making a SFI CoC claim on a product. Typical organizations that use the percentage method are sawmills, oriented strand board, and plywood mills.

How It Works:

- You track how much certified material vs. non-certified material you buy in a certain time period (e.g., every 3 months).
- You calculate the percentage of certified material using this 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)

- If the percentage is 70% or higher, you can label all products as SFI-certified.
- If it's less than 70%, you must label your products with the exact percentage of certified content.

Example:

In 3 months, you bought:

600 tons of certified material

400 tons of non-certified material

$$\frac{600}{600 + 400} \times 100 = 60\%$$

Since 60% is less than 70%, you must state that your product is "SFI 60% Certified."

Best For: Companies that buy a steady mix of certified and non-certified material.

Credit Method

The credit method allows credits gained from SFI CoC certified inputs to be 'banked' and then later applied to SFI certified materials within the same PEFC product group. This provides flexibility as it allows credit to be accumulated and then used at later date where there is a request for a product with a SFI CoC certified claim. The credit method is typically applied by organizations with continuous production processes, e.g., pulp, paper or container board manufacturing.

How It Works:

- Each time you buy certified material, you earn credits
- You store these credits in an account and spend them only when you want to sell a product as 100% certified.
- Credits expire after 24 months, so you have to use them wisely.

Example:

- You buy 500 tons of certified material → You earn 500 credits.
- You make 1,000 tons of products, but you only have 500 credits → You can only sell 500 tons as 100% certified.
- The other 500 tons must be labeled as non-certified.

Best For: Companies that don't always have a steady supply of certified wood but want to sell fully certified products when possible.

For more information, connect with the team or visit us at forests.org/standards to learn more.



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