

Description of the TÜV NORD CERT Certification Procedure PEFC CoC



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If you should require any further information then please do not hesitate to contact us. We will be please to help you.

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1 CERTIFICATION PROCEDURE PEFC COC

The certification procedure PEFC-CoC is divided into 5 phases. The auditors are selected by the program management according to home of residence.

1.1 Application review

Before starting audit preparation, lead auditor will fulfill Application review to see if audit is plausible and does auditor have all needed info (documented procedures, companies' products, in case of multi-site – all sites covered by certificate, COC method and intention for use PEFC trademarks). For the application review is needed: The filled out questionnaire and later the PEFC manual including all procedures.

1.2 Preliminary audit

A company may request a preliminary audit to ensure the conformity requirements. In this audit the grade of conformance to the requirements of PEFC CoC will be assessed prior to the performance of the actual certification audit.

The following documents must be on hand at the client's site when performing the preliminary audit:

- Information about the PEFC CoC responsibility (incl. Organigram)
- Process instruction/ PEFC manual (depending on the type of business and dimension)
- Declaration of Conformity (A62F019e)
- Product classification questionnaire (in case the national PEFC office requires it)
- Contract of Certification PEFC CoC
- Questionnaire regarding the PEFC notification fee

The purpose of the preliminary audit is to reveal weak points in the PEFC documentation and in the implementation of the PEFC system. The results of the preliminary audit will be elucidated to the client or, if desired, documented in a report. The extent of the audit will be settled in agreement with the client and, as a rule, is performed by one auditor (lead auditor). A preliminary audit can only be performed once.

2 EVALUATION OF PEFC DOCUMENTATION (PROCEDURES/ PEFC-MANUAL)

Before carrying out the certification audit, the relevant procedures or the PEFC manual shall be sent to the auditor, so that the auditor can assess the complexity by evaluating the processes and procedures and use this information to create the audit plan. This review is usually done as a desk audit. At the request of the applicant, however, it is also possible to carry out a pre-audit on site, but this would entail additional costs.

3 CERTIFICATION AUDIT

The certification audit starts with an introduction of the participants and audit will be performed according to the TÜV NORD CERT audit protocol. Based on the registration of their resources and commodity flow (input

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resources – output product) the company making the application for certification should verify the origin and destination of their certified resources and products. The company's duty during the audit is to demonstrate the practical application of its documented procedures.

The following topics are subject of the certification audit:

- PEFC manual with all necessary procedures
- Implementation of physical separation, percentage method or credit method
- Suppliers list and existing certificate copies of PEFC certified suppliers
- Due Diligence System (DDS)
- List of products
- Documentation of internal audit
- Proof of PEFC training for relevant employees (list of participants)
- PEFC-complaint management
- Outsourcing incl. Outsourcing-contracts
- Social, health and safety

After completion of the audit, the client will be informed about the audit result in a final discussion. The result is documented in a report. Nonconformities are documented in nonconformity reports. The auditors decide on the classification into critical and non-critical nonconformities. A critical deviation either leads to a follow up-audit, this means a follow up-on-site inspection or submission of new documents. The scope of the follow up-audit is decided by the lead auditor; however, only the points affected by the nonconformities are audited. The follow up-audit takes place according to expenditure according to the price list. In the case of a non-critical deviation, corrective actions are defined and usually assessed by reviewing documents.

4 ISSUE OF THE CERTIFICATE AND SURVEILLANCE AUDITS

In the audit report, the auditor documents a recommendation for the granting of the PEFC certificate. All nonconformities shall be closed before making certification decision for initial certification audit. A positive certification decision is done when the TÜV NORD CERT veto person has evaluated the report and the whole PEFC process positive. Compliance with four-eye principle ensures the independence and high quality of the audits. The certificate is issued only if all nonconformities (critical and uncritical) are closed. The validity period of the TÜV NORD CERT certificate is five years, whereby annual surveillance audits shall be carried out in the company.

4.1 Surveillance audit

The surveillance audit always includes the evaluation of the requirements of the standard sections and corrective actions from the previous audit.

Generally, the surveillance audit is performed by one auditor. The date is agreed upon with the client. The surveillance audit is performed once a calendar year (12 months +/- 3 months).

In case of nonconformities, the procedure is the same as for the certification audit. In case of serious nonconformities, the certificate can be revoked if they are not closed within 3 months. The client receives a report after the surveillance audit.

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As a result of the auditor's recommendation and the documents submitted - as in the certification audit - the certificate is confirmed by the veto person during the approval process, suspended or confirmed under conditions.

If the company where the audit is performed does not meet the requirements of the PEFC-CoC or the relevant agreements, the TÜV NORD CERT will, after prior notification to the organization of the reasons leading to withdrawal of the certificate, and written reminder of the certificate withdrawal - with the possibility of rectification - withdraw the PEFC-CoC certificate.

4.2 Recertification audit

Before the end of the period of validity, a recertification audit for the renewal of the certificate for another five years is to be carried out in the company. The audit process is carried out according to phase 3 of this description. For single site, before making certification decision, all major nonconformities shall be closed. For multi-site, all nonconformities in all site shall be closed at the time of the decision-making process.

4.3 Short-term announced audits

Normally, the surveillance and recertification audits will be announced well in advance and the audit scheduling will be done in consultation with the PEFC representative. In justified cases, e.g. if there are clear indications of fraud or serious violations of the PEFC standard, unannounced or early announced audits may also be conducted. This would be possible, for example, if TÜV NORD CERT has clear indications that illegally logged timber has been purchased or processed.

5 ADDITION INFORMATION REGARDING MULTI-SITE CERTIFICATION

If a company that maintains several sites is PEFC certified, then these locations should also be audited, as the environmental impact assessment for each site may vary, even for the same activity. Basically, the following cases are to be distinguished:

- Organisations operating with franchises or companies where the sites are linked through a common ownership, management or another organisational link
- Groups of independent legal enterprises established and functioning for the purposes of the chain of custody certification (producer group)

Contrary to the general rule that all locations shall be audited every year, the participating locations may be randomly audited for multi-site and group certifications.

A producer group is a network of typically small independent enterprises that have associated together for the purpose of obtaining and maintaining chain of custody certification. The central office may be an appropriate trade association, or any other properly experienced legal entity that is either nominated for the purpose by a group of intending members or offers a group service managed for the purposes of and consistently with this standard. The central office can also be administered by one member of the group. Group certification is possible for small companies with fewer than 50 employees and annual turnover of max. EUR 10 million (or equivalent).

In principle, the organization of the group shall be managed centrally, whereby this body responsible for complying with the CoC requirements is subjected to a central office audit each year. The central office should

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be able to prove that it collects the data regarding the PEFC-CoC certification of the participating companies and carries out the internal audits. Responsibilities of the central office shall be demonstrated to TÜV NORD CERT.

The multi-site organisation does not need to be a unique entity, but all sites shall have a legal or contractual link with the central office and be subject to a common chain of custody that is subject to continuous surveillance by the central office. This means that the central office has the right to implement corrective actions when needed at any site. Where applicable, this should be laid down in the contract between the central office and the sites.

The following criteria must be met for multi-site companies. The certificate may not be issued if any discrepancies in these criteria are identified before or during the audit:

- The organisation's chain of custody shall be centrally administered and be subject to central review. All the relevant sites (including the central administration function) shall be subject to the organisation's internal audit programme and shall have been audited in accordance with that programme prior to the certification body starting its assessment.
- It shall be demonstrated that the central office of the organisation has established a chain of custody in accordance with this standard and that the whole organisation (including all the sites) meets the requirements of this standard.
- The organisation shall be able to demonstrate its ability to collect and analyses data from all sites, including the central office authority and its ability to initiate changes in the chain of custody operating in the sites if required.

5.1 Function and responsibilities of central office and sites

Central office is chosen from sites and next obligations are mandatory for central office:

- Represent the multi-site organisation in the certification process, including communication and relationship with TÜV NORD Cert GmbH.
- Submit an application for the certification and its scope, including a list of participating sites.
- Ensure contractual relationship with TÜV NORD Cert GmbH.
- Submit to TÜV NORD Cert GmbH a request for extension or reduction of the certification scope, including coverage of participating sites.
- Provide a commitment on behalf of the whole organisation to establish and maintain a chain of custody in accordance with the requirements of this standard.
- Provide all the sites with information and guidance needed for effective implementation and maintenance of the chain of custody in accordance with this standard; The central office shall provide the sites with the following information or access to the following information:
 - A copy of this standard and any guidance relating to the implementation of the requirements of this standard.
 - PEFC Trademarks Rules and any guidance relating to their implementation.
 - The central office's procedures for the management of the multi-site organisation.
 - Conditions of the contract with TÜV NORD Cert GmbH relating to the rights of the certification body or accreditation body to access the sites' documentation and installations for the purposes of evaluation and surveillance, and disclosure of information about the sites to a third party.
 - Explanation of the principle of the mutual responsibility of sites in the multi-site certification.
 - Results of the internal audit programme and the TÜV NORD Cert GmbH evaluation and surveillance and relating corrective and preventive measures applicable to individual sites.

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- The multi-site certificate and any of its parts relating to the scope of the certification and coverage of sites.
- Provide organisational or contractual connection with all the sites, which shall include commitments by the sites to implement and maintain the chain of custody in accordance with this standard. The central office shall have a written contract or other written agreement with all the sites which covers the right of the central office to implement and enforce any corrective or preventive measures and to initiate the exclusion of any site from the scope of certification in case of nonconformities with this standard.
- Establish written procedures for the management of the multi-site organisation.
- Keep records relating to the central office and sites compliance with the requirements of this standard.
- Operate an internal audit programme
- Operate a review of the central office and sites conformity, including review of results of the internal audits programme and certification body's evaluations and surveillance; shall establish corrective and preventive measures if required; and shall evaluate the effectiveness of corrective actions taken.

Sites connected to the multisite organisation shall be responsible for:

- Implementation and maintenance of the chain of custody requirements in accordance with this standard.
- Entering into a contractual relationship with the central office, including commitment on the compliance with the chain of custody requirements and other applicable certification requirements.
- Responding effectively to all requests from the central office or TÜV NORD Cert GmbH for relevant data, documentation or other information whether in connection with formal audits or reviews or otherwise.
- Providing full co-operation and assistance in respect of the satisfactory completion of internal audits performed by the central office and audits performed by TÜV NORD Cert GmbH, including access to the sites installations.
- Implementation of relevant corrective and preventive actions established by the central office.

A multi-site organisation should demonstrate its ability to collect and analyse data (including but not limited to items bellow) from all sites including the central office and its authority over all sites and also demonstrate its authority to initiate change if required:

- chain of custody documentation and chain of custody changes,
- management review,
- complaints, evaluation of corrective actions,
- internal audit planning and evaluation of the results,
- different legal requirements in relation to the avoidance of raw material from controversial sources.

6 EXPLANATIONS FOR THE PEFC COC CERTIFICATION AUDIT (MAIN AUDIT)

There are three methods of certification:

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6.1 Physical separation method

Preconditions for the company in order to apply this method:

Physical separation of the certified resources (material with different material categories and different certified content are kept separate) during the whole process of production and/or trade – a clear identification shall be ensured.

Identification and verification of provides resources

- Supplier
- Delivery quantity, delivery date, delivery period, calculation period
- Category of origin incl. Percentage of certification, if the provider applies the percentage method

Separation of the certified resource concerning:

- Location of production and stock
- Time

The documentation for securing the separation of the resources while transportation must be ensured. A permanent Identification is very important.

6.2 Percentage method

The percentage method may be implemented to calculate the certified content of PEFC product groups.

The organisation shall calculate the certified content separately for each PEFC product group and for a specific claim period according to the following formula:

$$Cc [\%] = (Vc / (Vc + Vcm)) \times 100$$

(Cc: certified content; Vc: volume of PEFC certified material; Vcm: volume of PEFC controlled sources material)

(eg. 1t of material delivered with the PEFC claim "70% PEFC certified" and 1t of material delivered with the PEFC claim "100% PEFC certified" are used as input. Using the above mentioned formula the certified content is $Cc[\%] = ((700\text{kg} + 1000\text{kg}) / ((700 + 1000) + 300)) \times 100 = (1700 / 2000) \times 100 = 2\text{t of } 85\% \text{ PEFC certified material.}$

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

Organisation may use rolling percentage by calculating the certified content of a PEFC product group and claim period based on material procured during an input period (not exceed 12 months) preceding the claim period. The claim period shall not exceed 3 months.

6.3 Credit method

The credit method may be implemented to transfer credits gained from the input of PEFC certified material to PEFC controlled sources material within the same PEFC product group in in a single measurement unit.

The total quantity of credits accumulated in the credit account shall not exceed the sum of credits entered the credit account during the last 24 months. The 24-month maximum period may be extended, where the organisation can demonstrate that the average production period of the product in question is longer than 24 months. (eg. 36 months needs to finish this type of product).

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The organisation shall calculate the credits using either:

- certified content and volume of output products (*eg. If the certified content for the product group of the specific claim period, which consists of 100 tonnes of output products, is 54%, the organisation achieves volume credits equal to 54 tonnes (100 x 0.54) of the output products*) or
- input material and input-to-output ratio (*eg. volume of PEFC certified material input is 70 m³ - 100 m³ with the PEFC claim "70% PEFC certified") and the input-to-output ratio is 0.60 - 1 m³ of roundwood results in 0.60 m³ of sawnwood), the organisation acquires volume credits equal to 42 m³ (i.e. 70 m³ x 0.60) of sawnwood)*)

The organisation shall distribute the credits from the credit account to the output products covered by the credit account, that means that the organisation can use 7 units of credits to sell 7 units as 100% PEFC certified, or to sell 10 units as 70% PEFC certified.

7 TRADEMARK USE

If an organization that has been granted a PEFC-CoC certificate by TÜV NORD CERT, wants to use the PEFC logo, an employee of TÜV NORD CERT will notify the organization in writing the secretariat of PEFC.

The use of the PEFC trademarks shall be in compliance with PEFC ST 2001, PEFC Trademarks Rules – Requirements.

If a company having a PEFC-CoC certificate uses the PEFC logo, the use of the logo will be reviewed during the surveillance audit.

The TÜV NORD CERT Auditor documents the check in the audit report.

8 PEFC NOTIFICATION FEE

Depending on the regulation made by the respective PEFC national body, TÜV NORD CERT may be obliged to collect the PEFC fee and transmit the whole amount to the PEFC governing body (national / international).

The PEFC fees are charged annually together with the current audit costs. The PEFC fee will rise in response to the annual turnover of the company and based on the respective fee regulations of the responsible PEFC national body.

Additional information can be found in the relevant PEFC fee table.