



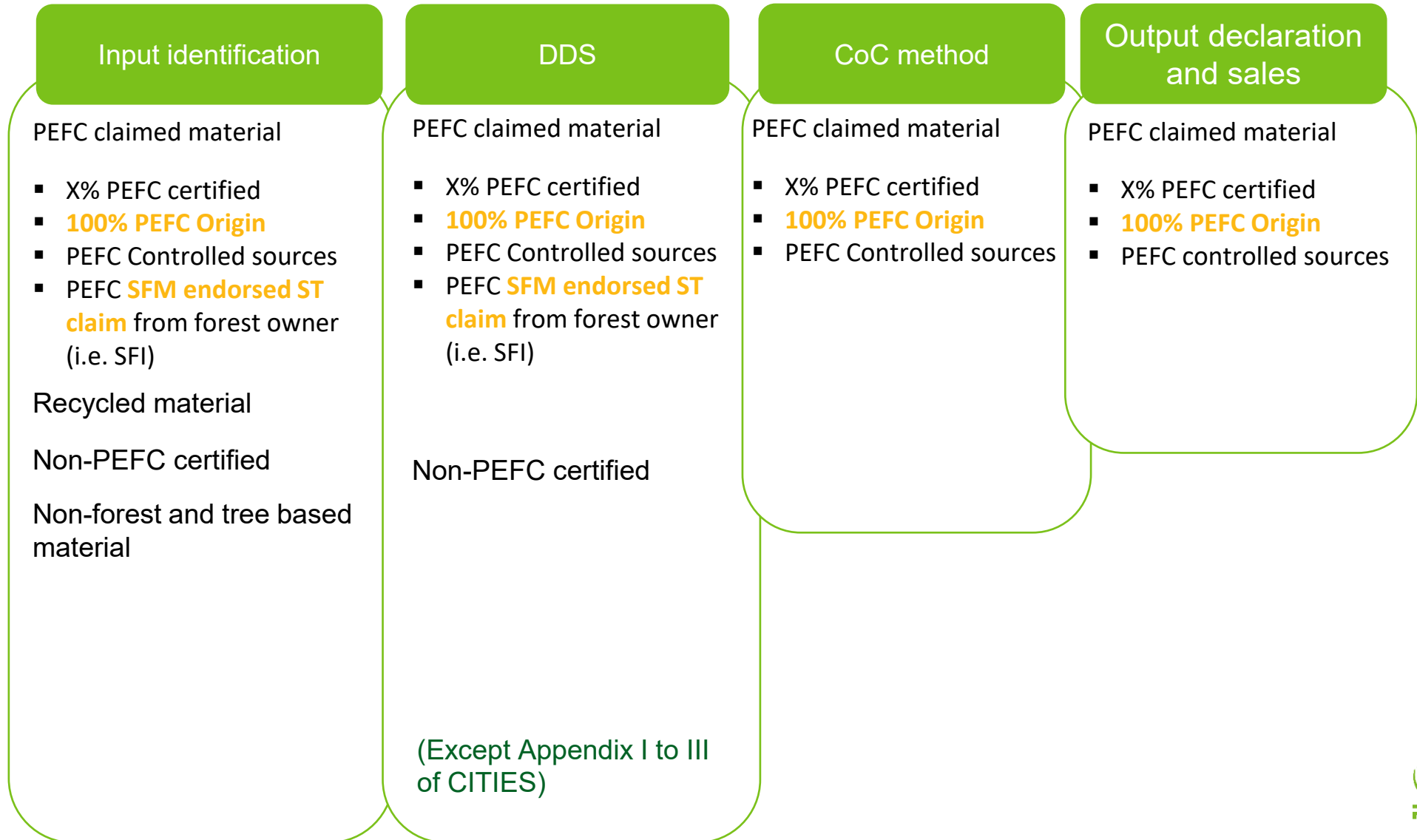
# Module 4: Chain of Custody Methods





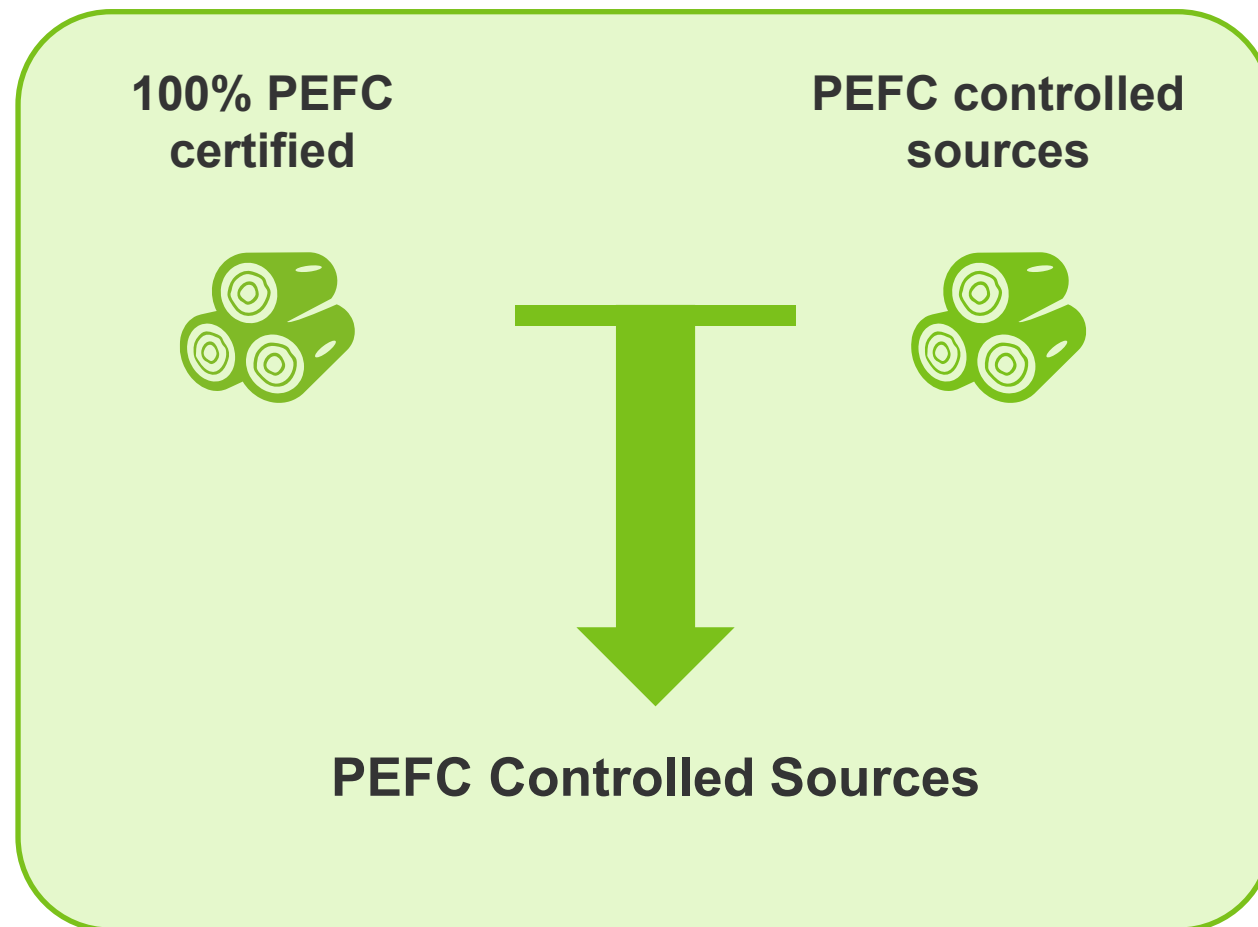
# Introduction

# Material claims flow through the CoC process



## 6.2.2.1: PEFC Certified + PEFC Controlled Sources

- Before applying the CoC methods, DDS should already have been conducted i.e. Material falling in the category as “other material” identified as having negligible risk therefore controlled sources.



# Management of the product group

- **The organisation shall:**
  - Define the **scope** of its CoC certification by **specifying** the PEFC **product groups**
  - Include product groups in the organisation's **documented procedures**
  - **Keep records** relating to product groups of:
    - a) all suppliers of PEFC claimed input material
    - b) input material
    - c) calculation of the certified content, transfer of the percentage to output products and management of the credit account, as applicable
    - d) products sold/transferred
    - e) Due Diligence System
    - f) internal audits, periodic review, non-conformities, corrective actions
    - g) complaints and their resolution



# PEFC Product Group – example of a producer of furniture

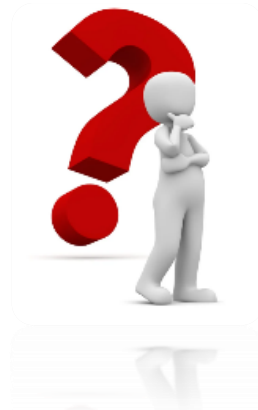
**Single product type**

Output: "Oak Tables"



**Group of products**

Input: "Oak furniture"



# PEFC Product Group – and could this be input material for a certified trader?

## Single product type

Input: "Oak Tables"



## Group of products

Output: "Oak furniture"



# PEFC Product Group

**Single product type**  
"Oak Tables"



**Batch of products**  
"Oak furniture"





# PEFC Product Group

## Single product type

"Softwood Plywood"



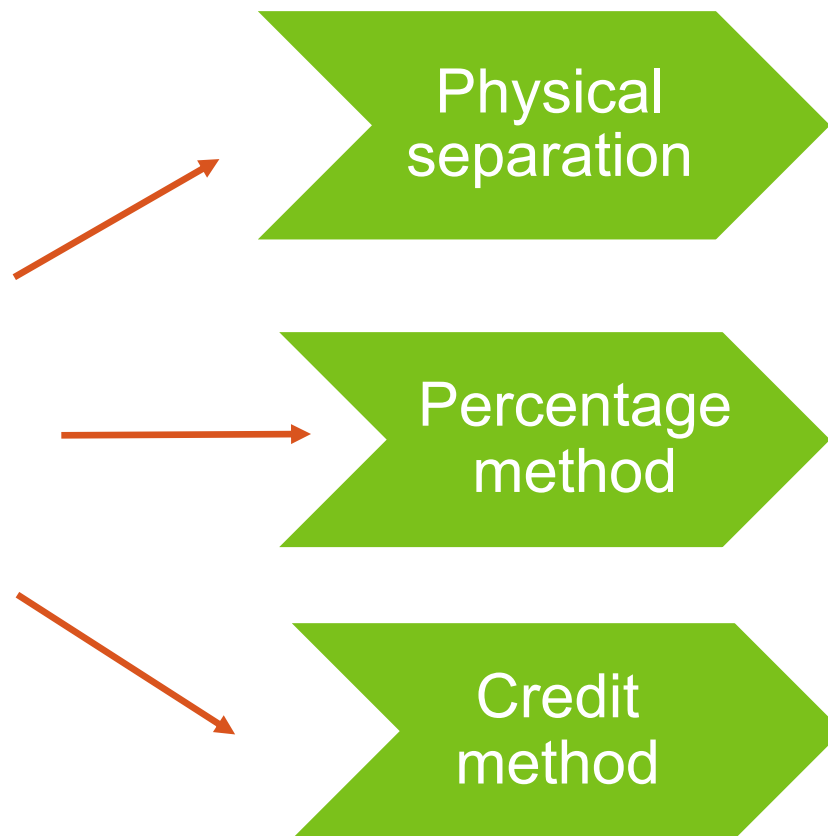
## Group of products

"Various types of  
Plywoods with similar  
origin species"



# Chain of Custody Methods

**3 Separate  
CoC  
methods**



Which method to use?  
It will depend on material  
flows and processes.



**During the audit,  
there should be a  
balance between  
the material received  
and material sold.**

## 6.1 General

- During the audit, the balance between the material received and the material sold will be checked. See also guidance to requirement 7.4.4 under chapter 5 of this document, General guidance for the use of PEFC ST 2001:2020. This balance between the material received and the material sold is to be checked at product group level.



## 6.1.1 Chain of Custody Methods

- Companies can decide which chain of custody method to use for each product group, as long as the chain of custody method is covered under their certification scope. However, if the chain of custody method is not included under the company's certification scope and they want to use it, they should get an audit to extend the certificate scope to cover the new chain of custody method.







# Physical Separation



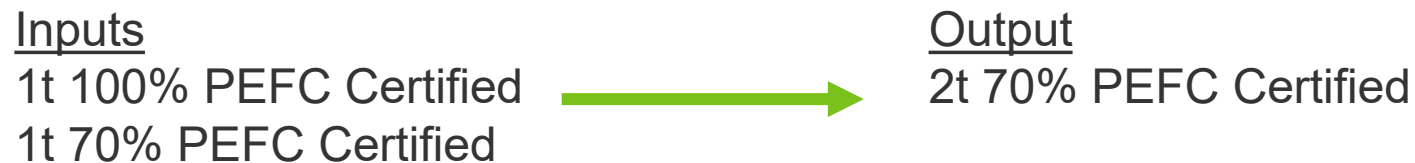
## Physical separation method (6.2)



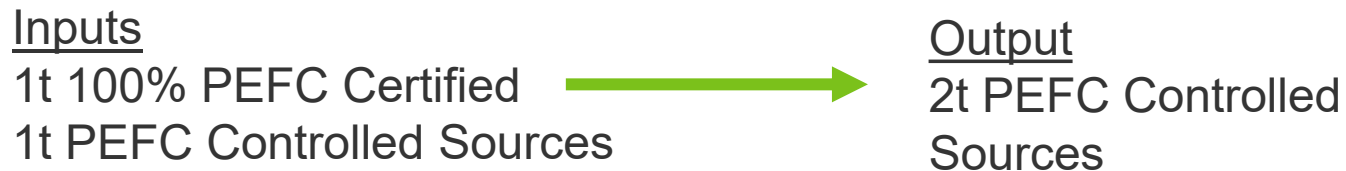
Chain of custody method of controlling a **PEFC claim** for a specified **PEFC product group** based on clear **identification** and/or **separation** of different material categories throughout all the activities performed by the organisation.

## Physical separation method (6.2)

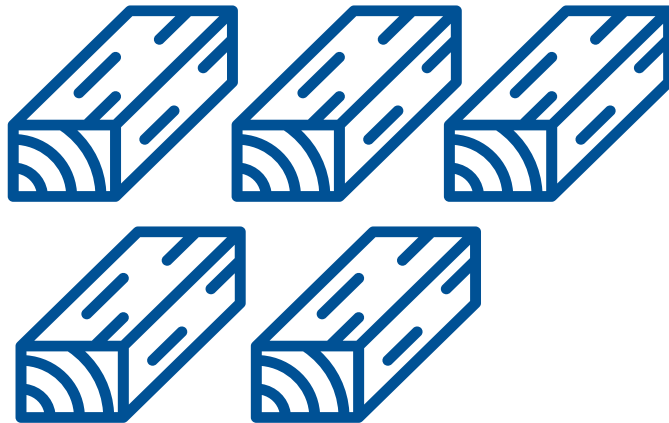
- Material with different **certified content** may be used as input in the same **PEFC product group**. **Input lowest certified content = certified content of the output.**



- PEFC certified material** and **PEFC controlled sources** material may be combined in the same **PEFC product group**. **Output claim is “PEFC controlled sources”.**



# Physical separation - Location







# Physical Separation - Identification



# Separation by identification









# Physical Separation - Time



# Separating PEFC certified material

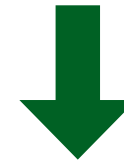
**100% PEFC certified**



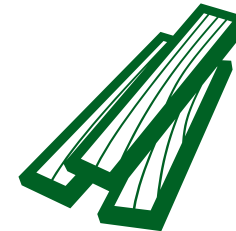
**100% PEFC certified**



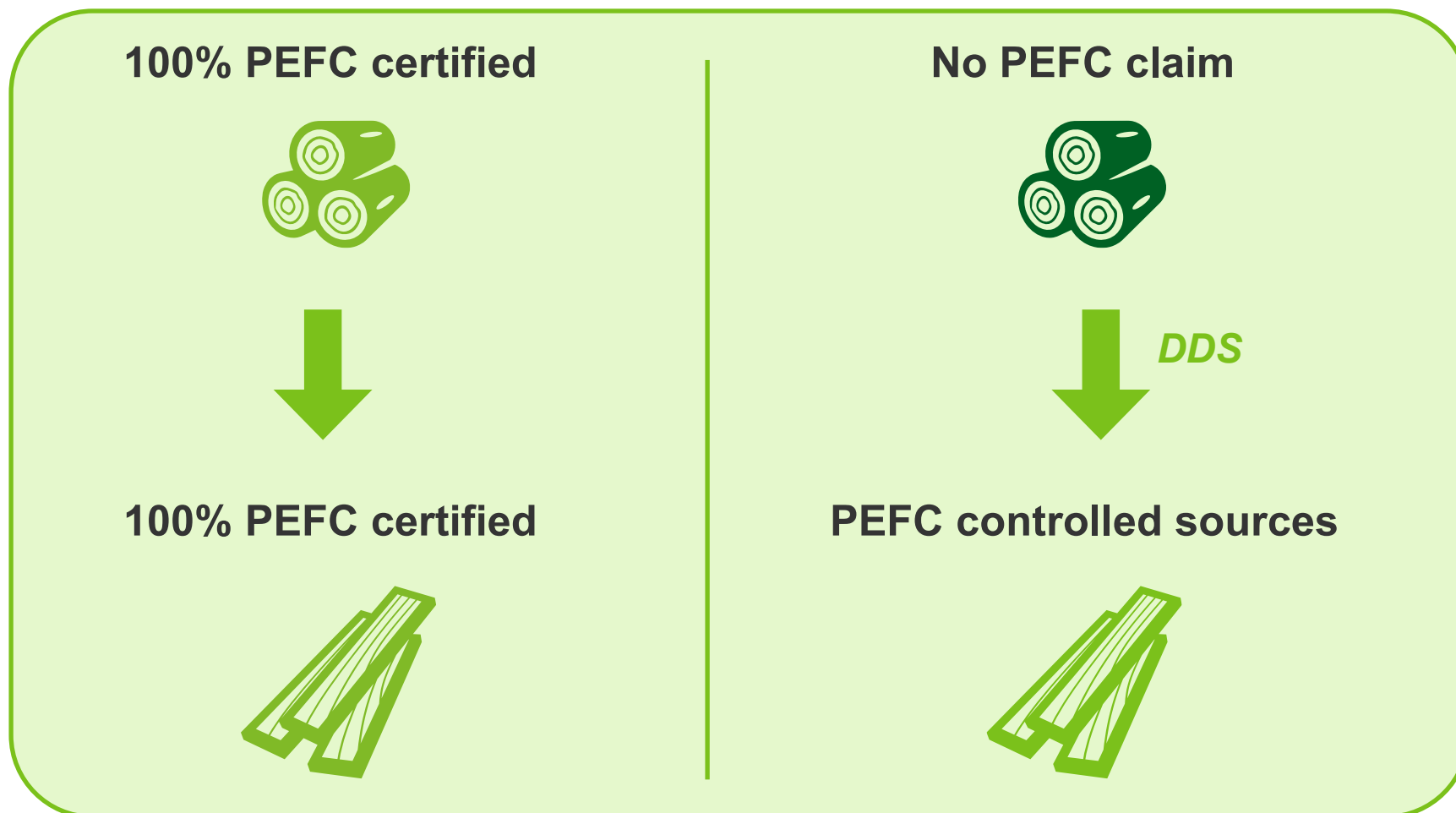
**No PEFC claim**



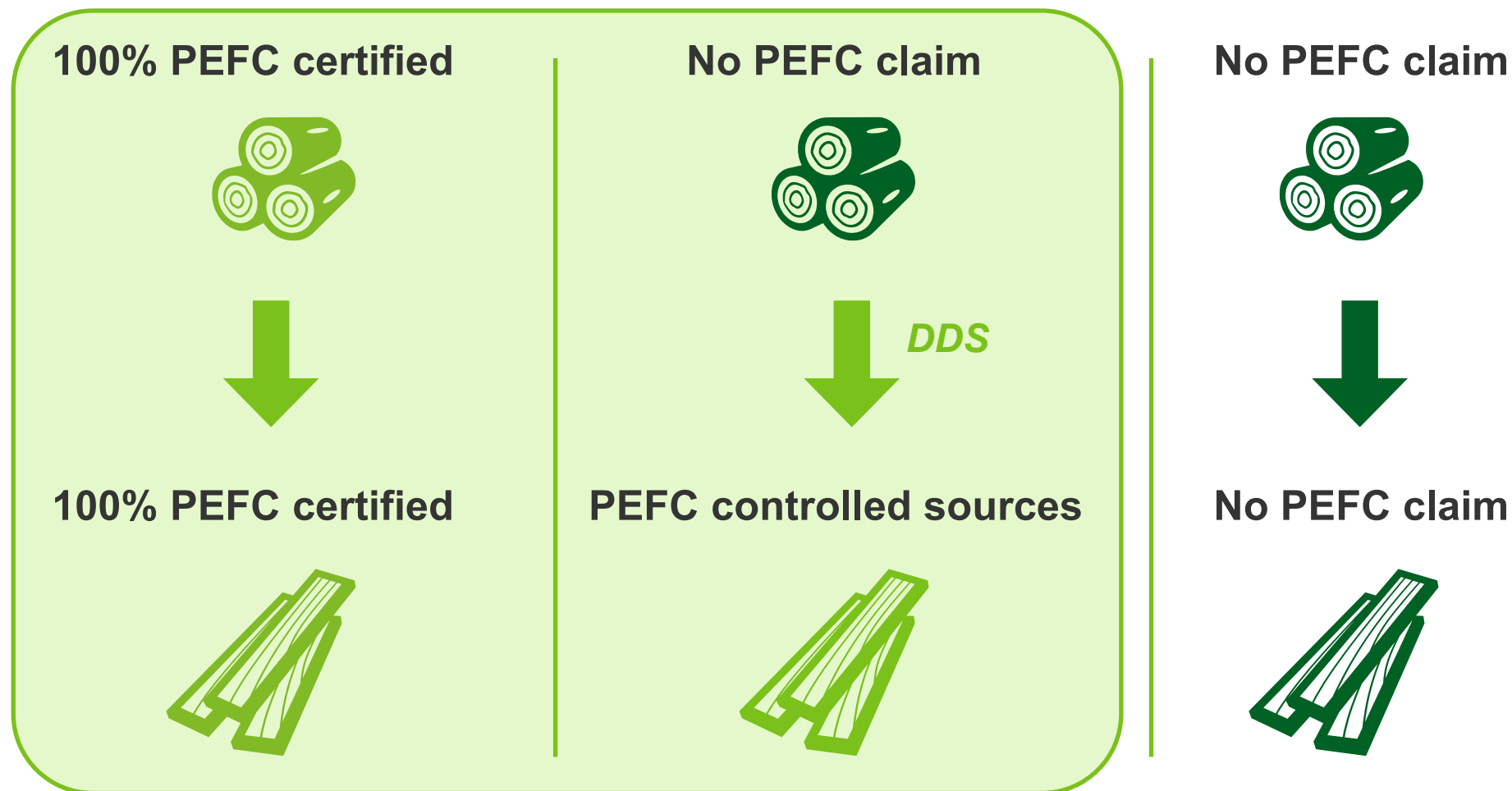
**No PEFC claim**



# Separating PEFC Certified material



# Separating PEFC Certified material

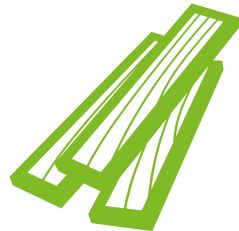


# Separating different percentage claims

**100% PEFC certified**



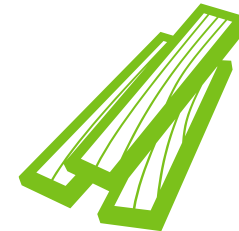
**100% PEFC certified**



**80% PEFC certified**



**80% PEFC certified**



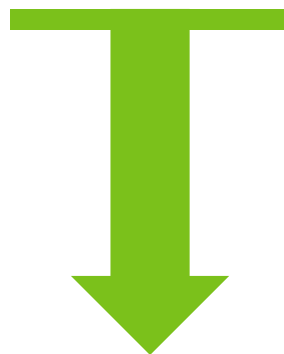


# Not separating different percentage claims

100% PEFC certified



80% PEFC certified



80% PEFC certified

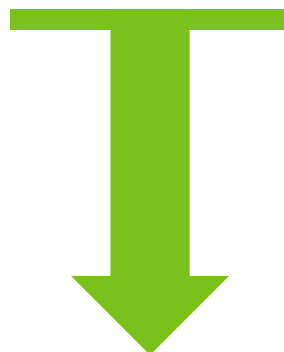


# Not separating different percentage claims

**100% PEFC certified**



**PEFC controlled Sources**



**PEFC controlled sources**



# Physical separation method

## 100% PEFC Origin

Organisations may use “100% PEFC Origin” instead of “100% PEFC certified” for:

- PEFC certified material delivered by a PEFC certified forest owner/manager:
  - with the claim “100% PEFC certified” or another PEFC endorsed system claim
  - and for PEFC certified material that was already delivered with the claim “100% PEFC Origin”

Organisations implementing **percentage** or **credit method** consider as “100% PEFC certified”



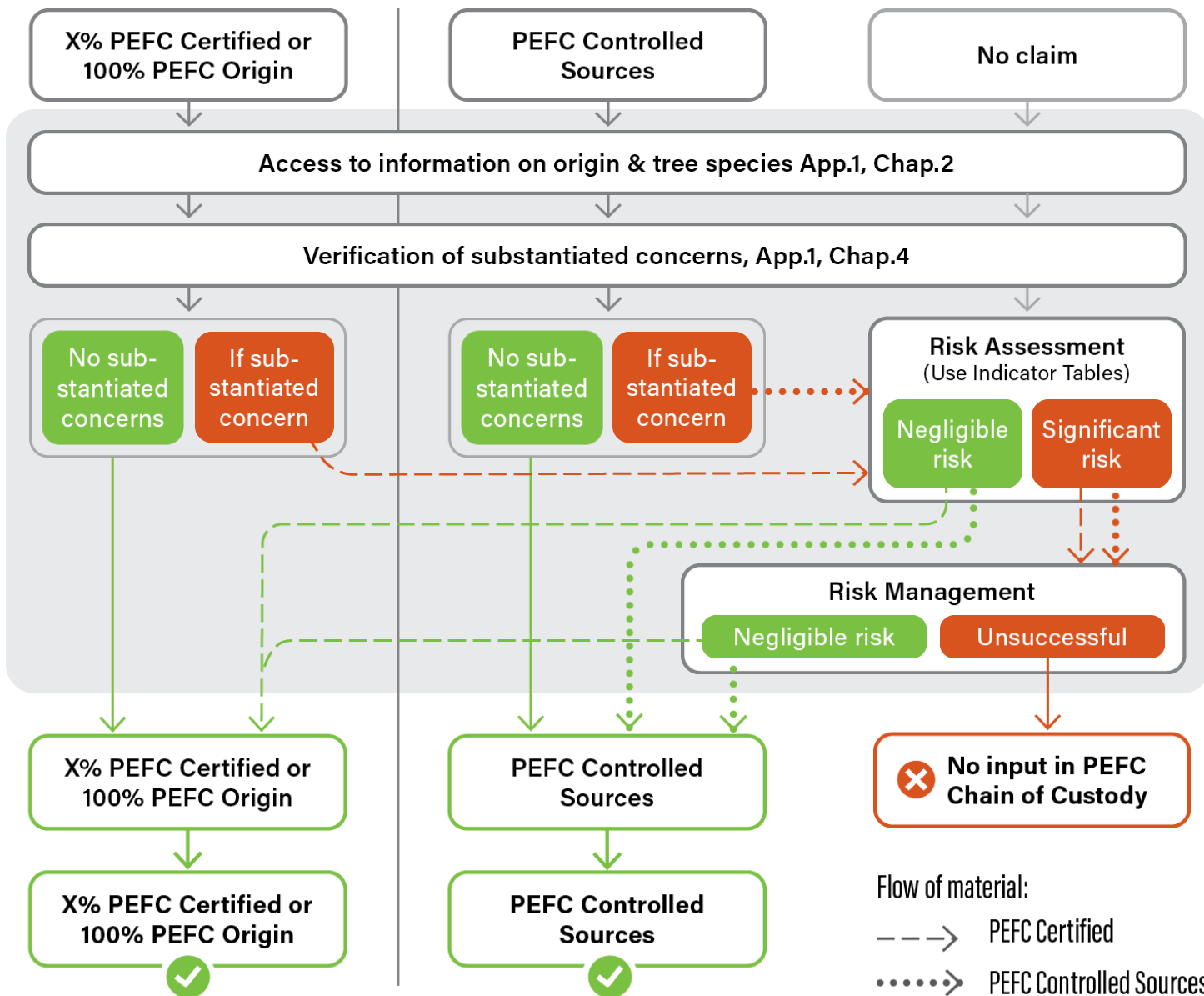
# Physical separation

Incoming delivery

PEFC DDS

Processing

Sales





# Quiz

A PEFC certified company receives Pulp with the claim 70% PEFC certified. The supplying sawmill used the percentage method. Can the company apply the physical separation method for this pulp?

**Yes or No**



# Questions, Comments, Feedback





# Percentage Method

## Percentage method (6.3)



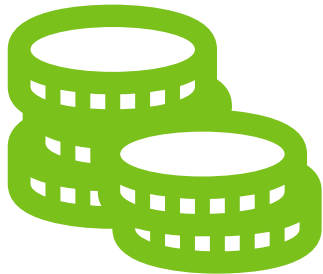
- Used to **calculate the certified content of PEFC products groups** for which **PEFC certified and PEFC controlled sources material** were used as input material



## 6.3.1 , 6.4.1 Percentage & Credit Method



- The percentage method can be used at the level of multi-sites, across more than one site.



- The credit systems can be used at the level of multi-sites, across more than one site.

# Percentage method

## Calculation of certified content (6.3.2)

$$\bullet \text{ Certified content } (C_c) = \frac{\text{Volume of PEFC certified material (Vc)}}{\text{Volume of PEFC certified material (Vc)} + \text{Volume of PEFC controlled sources material (Vcm)}} \times 100$$

- **Neutral material** is not considered in the calculation of the **certified content**.
- The **certified content** is calculated based on a single measurement unit used for all material covered by the calculation.
- **Vc**= quantity of **certified content** of the input material. The rest of the input material, will be considered **PEFC controlled sources** material.
- The **certified content calculated** for a **PEFC product group** shall be used as **percentage** in the **PEFC claim** “**X%** PEFC certified”.

# Percentage method

## Calculation of certified content (6.3.2)

### What enters the calculation as Vc (volume of certified material)?

Forest and tree based material:

- PEFC claimed material
  - X% PEFC certified
  - **100% PEFC Origin**
  - PEFC Controlled sources
- **Endorsed SFM ST claim**  
from forest owner  
(i.e. MTCC)
- Recycled material



# Percentage method

## Calculation of certified content (6.3.2)

### Example:

**Inputs:** 1t “70% PEFC certified” + 1t “100% PEFC certified”

$$\text{Certified content (Cc)} = \frac{((700+1000))}{((700+1000)+300))} \times 100$$

$$\text{Certified content (Cc)} = \frac{1700}{2000} \times 100 = 85 \%$$

**Claim** (2 t): “85% PEFC certified”

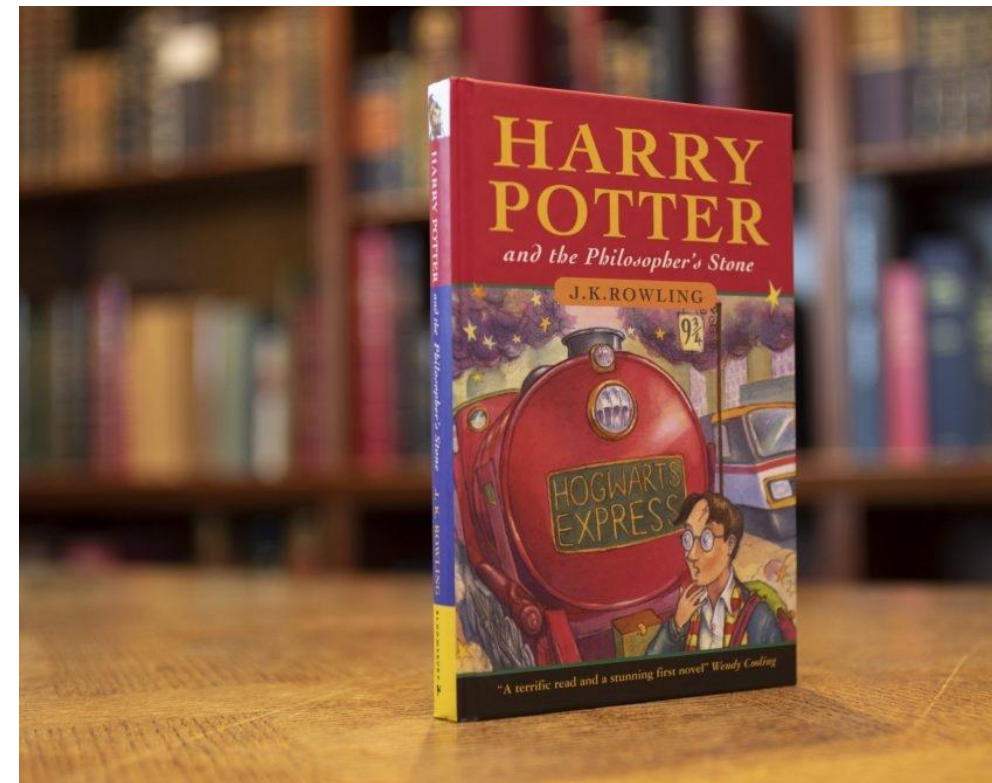




## Percentage method (6.3)

### Example: Printer producing a PEFC certified book

- Group product: the specific book, with mix of carton non-PEFC certified (cover) and 100% PEFC certified paper (pages), percentage method, input material categories: PEFC certified and PEFC controlled sources
- Input material:
  - Hardcover: Cardboard non-PEFC certified (80 grammes) – so PEFC Controlled sources (after going through DDS)
  - Pages: Paper 100% PEFC certified (400 grammes)
- Certified content:  $400 / (400+80) * 100 = 83\%$  **PEFC certified**
- On-product label allowed



# Percentage method (6.3) – differences with physical separation

## Same example for physical separation: Printer producing a book

- Group product: the specific book, with mix of cartoon non-PEFC certified (cover) and 100% PEFC certified paper (pages), **physical separation method**, input material categories: PEFC controlled sources and PEFC certified
- Input material:
  - Hard cover: Cardboard non-PEFC certified (80 grammes) – so PEFC Controlled sources (after going through DDS)
  - Pages: Paper 100% PEFC certified (400 grammes)
- ~~Certified content~~ (no calculation of certified content, lowest certified content is used)
- CoC claim: **PEFC controlled sources**
- **On-product label NOT allowed**



# Percentage method

## Rolling percentage (6.3.4)

Percentage method may be applied as rolling percentage

- **To consider:**
- **Input period**

Time period over which the **certified content** is calculated, **max 12 months**

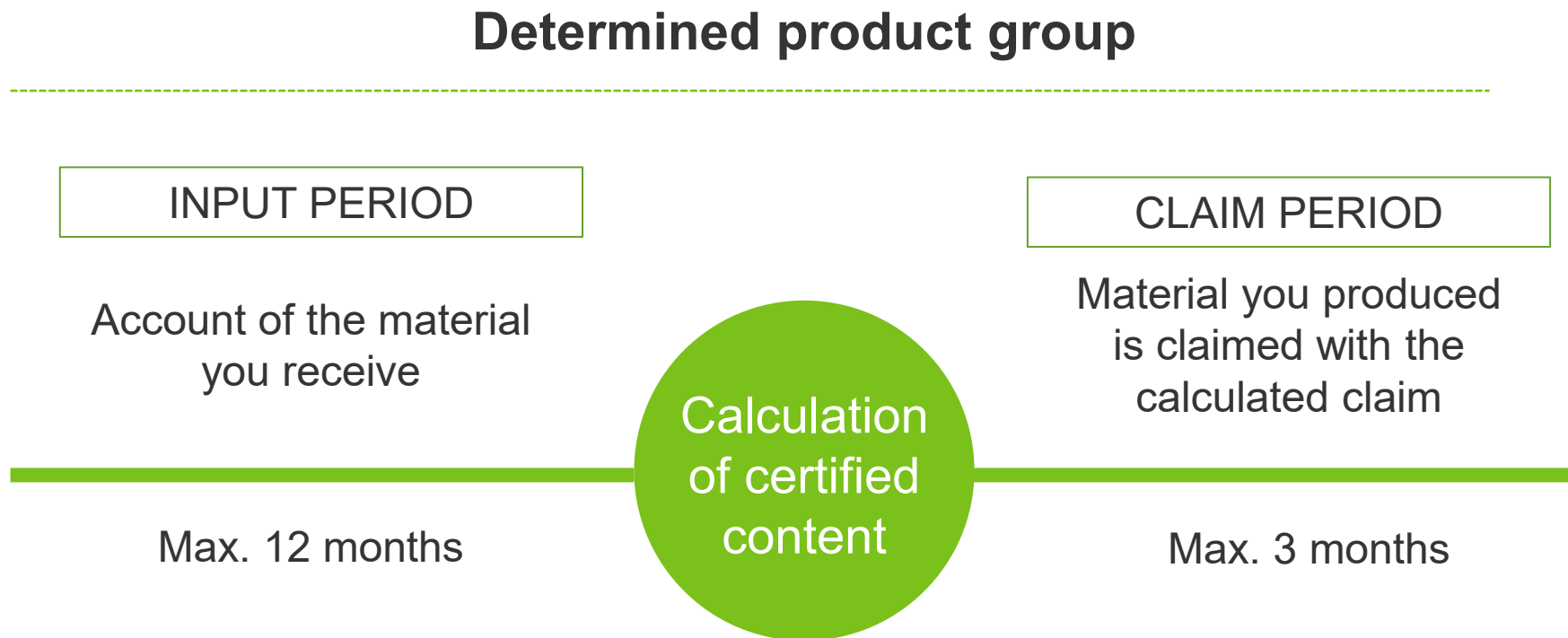
- **Claim period (3.4)**

Time period for which the certified content of a product group is determined, **max 3 months**



# Percentage method

## Rolling percentage (6.3.4)



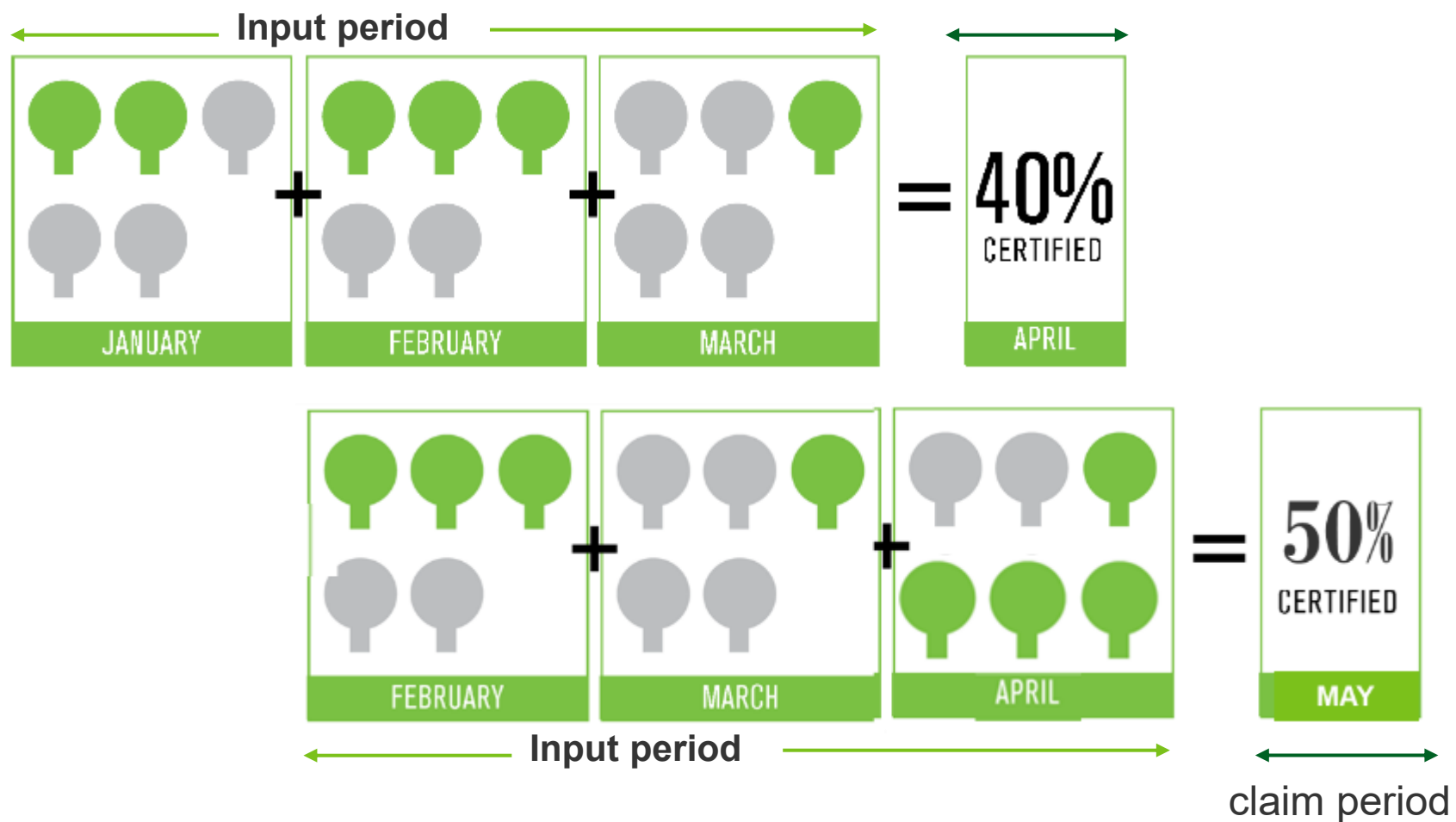
**CLARIFICATION:** The quantity of input material must correspond with the quantity of output material in the long term



# Percentage method

## Rolling percentage (6.3.4)

**Example:** Input period 3 months / claim period 1 month



# Example of calculation of Cc

$$\text{Certified content (Cc)} = \frac{\text{Volume of PEFC certified material (Vc)}}{\text{Volume of PEFC certified material (Vc)} + \text{Volume of PEFC controlled sources material (Vcm)}} \times 100$$

Input period = 3 months	Vc (in tonnes)	Vcm (in tonnes)	Sum of volume Vc previous 3 months	Sum of volume Vcm previous 3 months	Cc (claim period = 1 month)
January	10	5	NA	NA	NA
February	5	5	10	5	66,7%
March	8	5	15	10	60,0%
April	10	5	23	15	60,5%
May	7	3	23	15	60,5%
June	5	1	25	13	65,8%

# Quiz

## Example: A furniture manufacturer produces a PEFC certified door

- **Product Group:** the specific door, with mix of door panels non-PEFC certified and 100% PEFC certified top and bottom rails, percentage method, input material categories: PEFC certified and PEFC controlled sources
- **Input material:**
  - Door panels non-PEFC certified (70 kg) - so PEFC Controlled sources (after going through DDS)
  - Top & Bottom Rails : 100% PEFC certified (300 kg)
- **Certified content:**  $300 / (300+70) * 100 = 81\%$  **PEFC certified**
- On-product label allowed



# Quiz: Rolling Percentage (Test your Knowledge)

Input period = 3 months	Vc (in tonnes)	Vcm (in tonnes)	Sum of volume Vc previous 3 months	Sum of volume Vcm previous 3 months	Cc (claim period = 1 month)
January	10	5	NA	NA	
February	5	5	10	5	
March	8	5	15	10	
April	10	5	23	15	
May	7	3	23	15	
June	5	1	25	13	





# Questions, Comments, Feedback





# Credit Method

## Credit method (6.4)

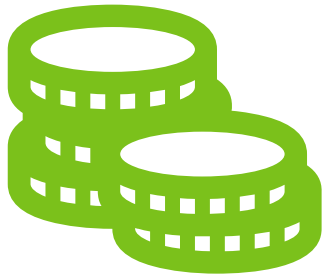


Used to transfer credits from the input of **PEFC certified material** to **PEFC controlled sources** material within the **same PEFC product group**

## 6.3.1 , 6.4.1 Percentage & Credit Method



- The percentage method can be used at the level of multi-sites, across more than one site.



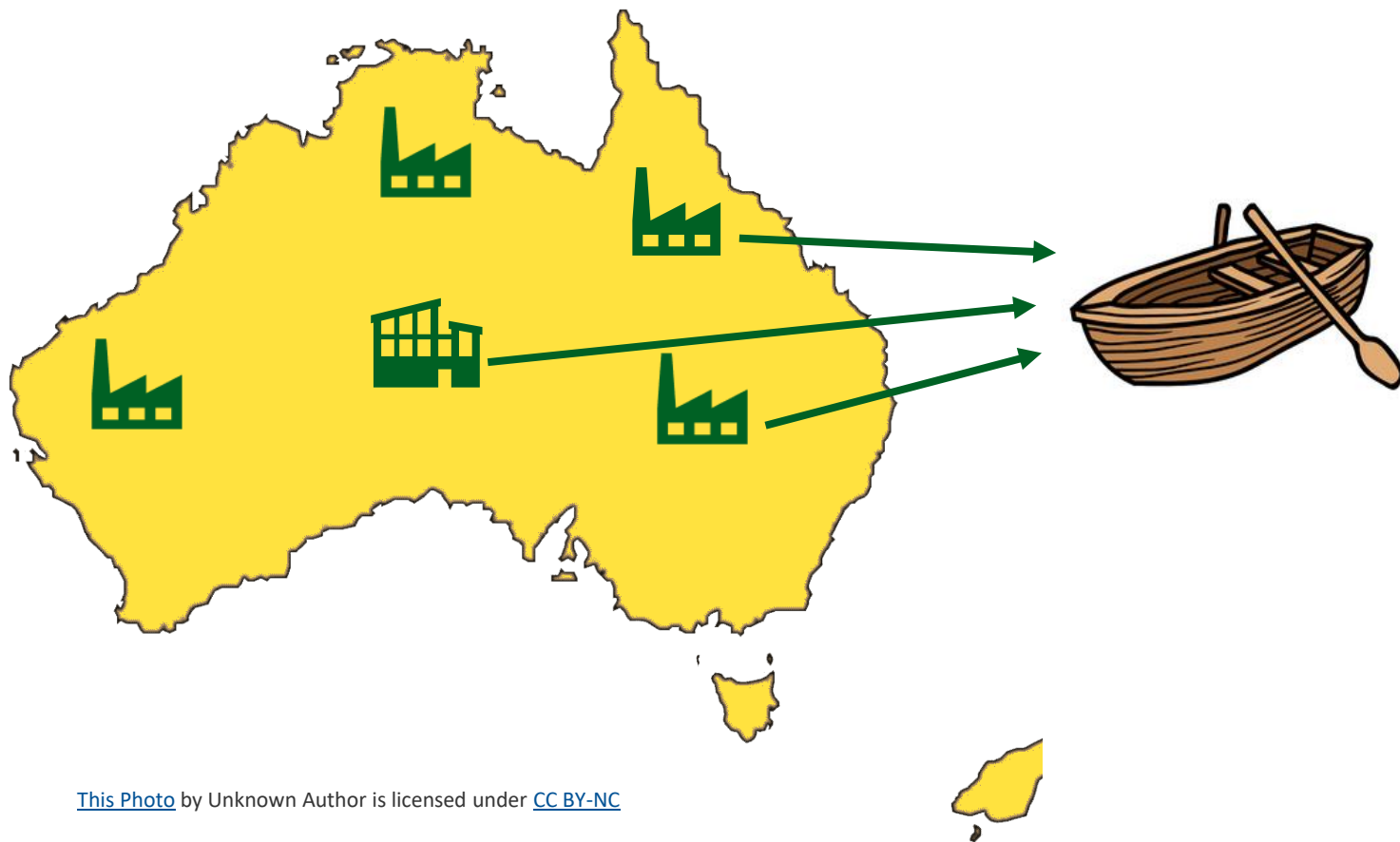
- The credit systems can be used at the level of multi-sites, across more than one site.



## Credit method (6.4)

- Total quantity of credits accumulated shall not exceed the sum of credits entered into the credit account during the last **24 months**
- May be **expanded** if average production period is longer
- **Credit account** for each **PEFC** product group:
  - multiple product groups → multiple credit accounts
  - **different sites can use the same credit account**

# Credit Method: Multisite



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**A PEFC product group can cover several sites.** Editorial mistake Note 3 corrected: In case of multi-site organisations as defined in **Appendix 2, 2.3 a)** of this standard, PEFC product groups can cover several sites.

**\*Give attention to:** the **credit method** and the **percentage method** as they can be used at the level of **multisites**, across more than one site.

## Credit Method (6.4)

- If input material is delivered with a PEFC certified claim + another certification system claim

**Example: 100% PEFC certified/100% FSC certified**

- a) you use only the PEFC claim
- b) you use only the other certification system claim for the other system
- c) Establishing a credit account for the multiple claim

# Calculating credits (6.4.5)

## Certified content and V output products (6.4.6)

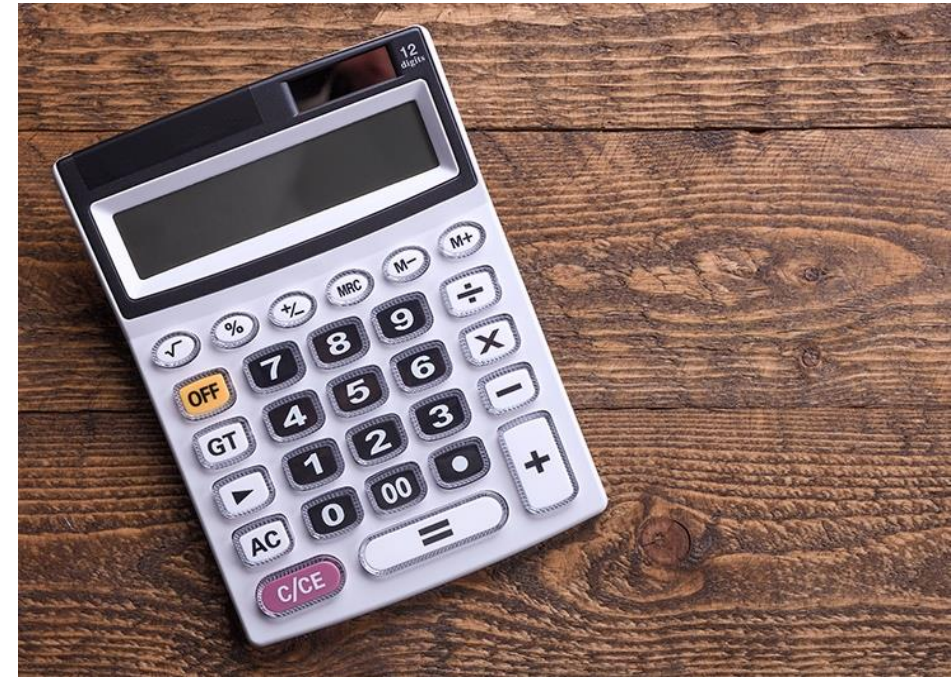
Two ways for calculating credits:

1. **Certified content\*** and **volume of output products** of the relevant **claim period**

**Credits** (single unit) = Output volume \*  
**certified content**

2. **Certified input** and **input/output ratio** (verifiable\*)

**Credits** (single unit) = Certified input \*  
input/output ratio





# Calculating credits (6.4.5)

## Certified content and V output products (6.4.6)

And how and when have you calculated the certified content?



The standard does not refer to this.

To be understood as in **percentage method**, defining **input period** and **claim period** and using **the requirements described on the percentage method** (6.3.2 and 6.3.4)

# Calculating credits (6.4.5)

## Certified content and V output products (6.4.6)

Two ways for calculating credits:

1. **Certified content\*** and **volume of output products** of the relevant **claim period**.

**Credits** (single unit) = Output volume \* **certified content**

### Example:

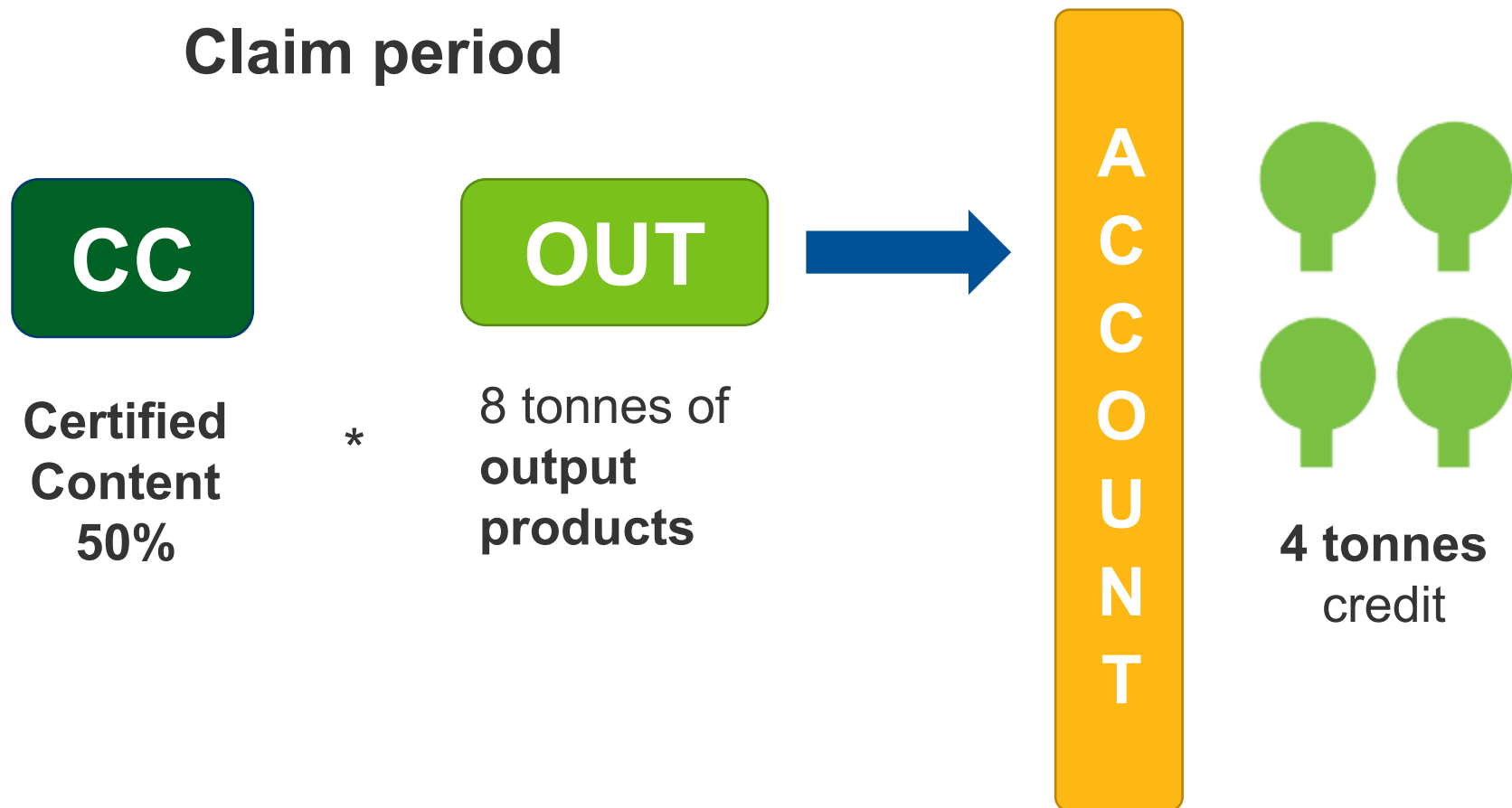
Output products: 8 tonnes

Certified Content (CC): 50%

Credits:  $8 * 50\% = 4$  tonnes

# Calculating credits (6.4.5)

## Certified content and V output products (6.4.6)



# Calculating credits (6.4.5)

## Certified input and input/output ratio (6.4.7)

Two ways for calculating credits:

### 2. Certified input and input/output ratio (verifiable\*)

**Credits** (single unit) = Certified input \* input/output ratio

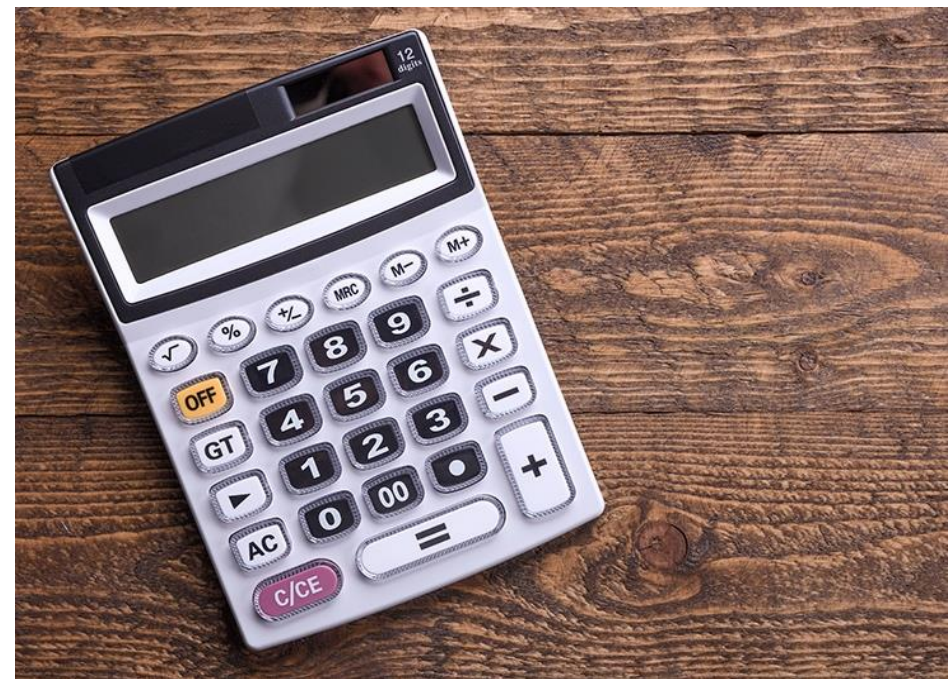
**Example:**

Input of Certified material: 6 tonnes

input/output ratio: 0.67

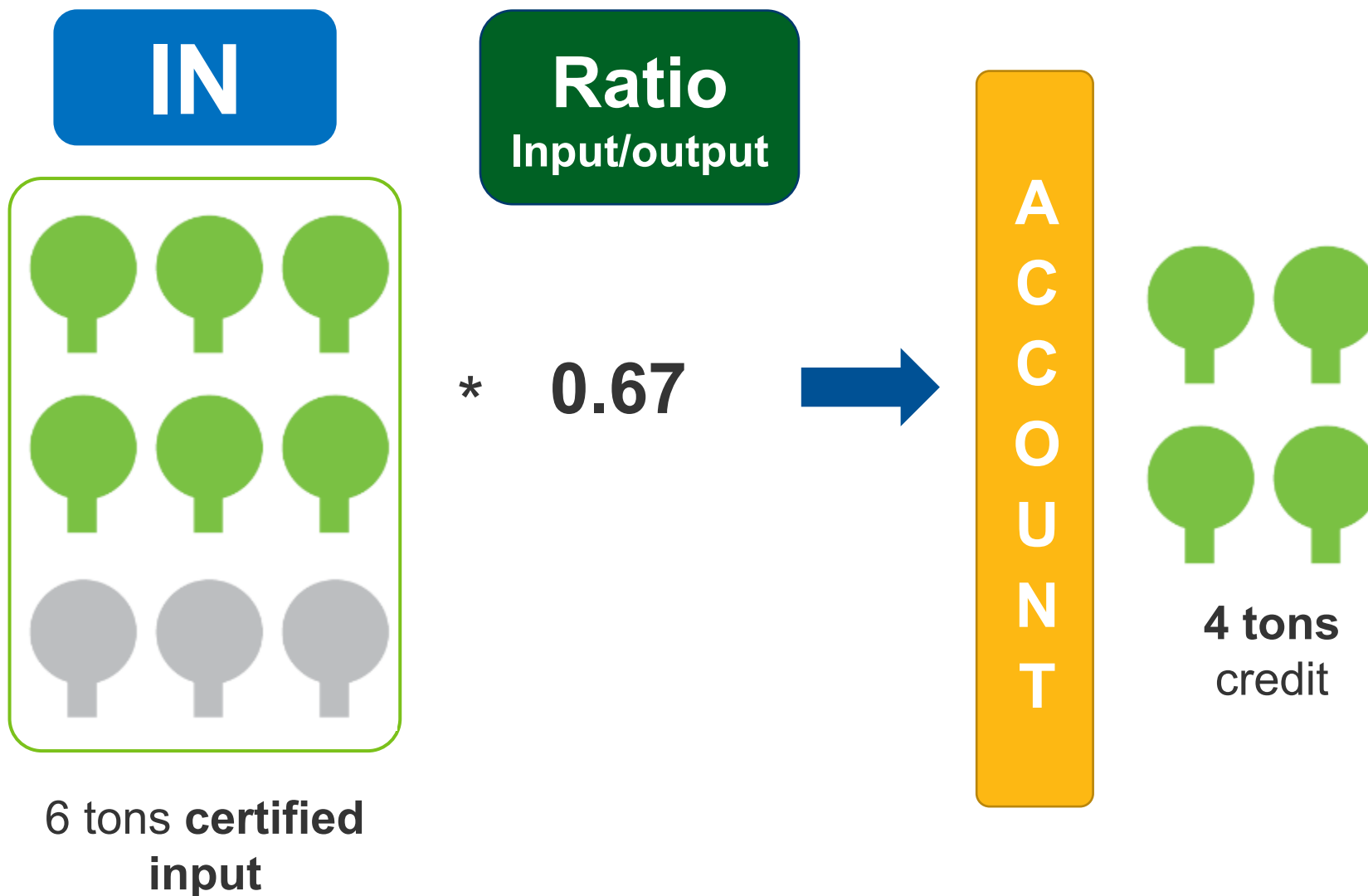
**Credits** =  $6 * 0.67$  = **4 tonnes**

\*6.4.2 It may be required to define conversion factor(s) for the conversion of the measurement unit(s) of the input components to the output products



# Calculating credits (6.4.5)

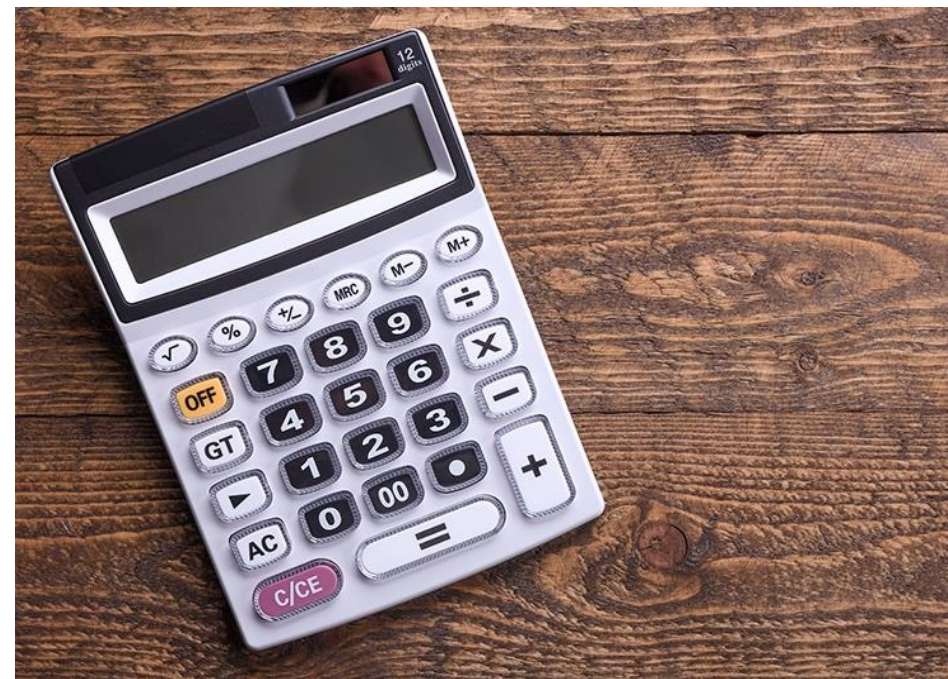
## Certified content and V output products (6.4.7)





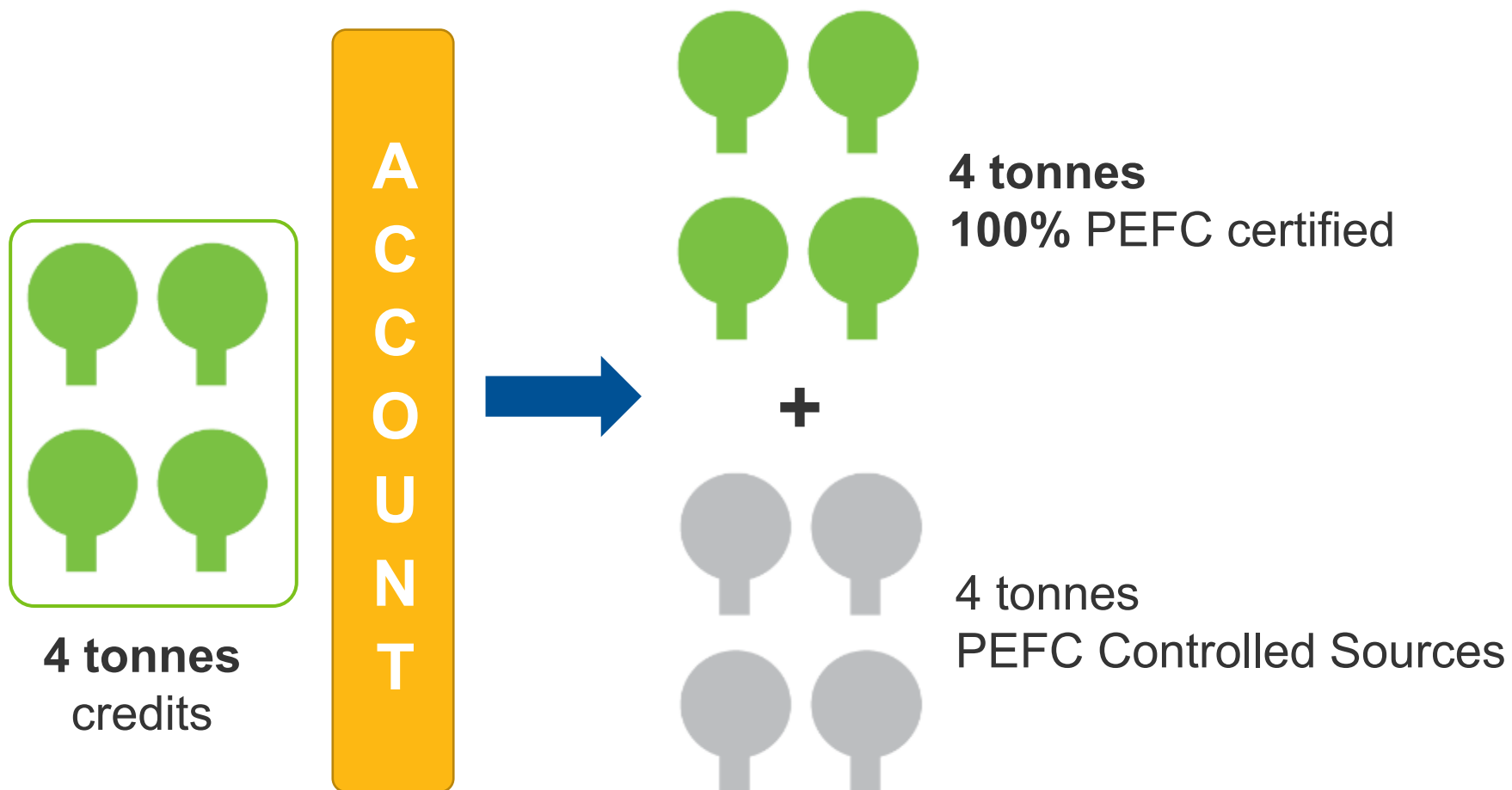
## Distribution of credits to the output products (6.4.8)

- The credits shall be distributed to the output products in a way that certified products are considered as having:
  - 100% **certified content**
  - less than 100% **certified content** and meeting the organisation's own threshold of the claim
- The result of the volume of output products multiplied by the certified content of the output products shall be equal to the distributed credits withdrawn from the credit account



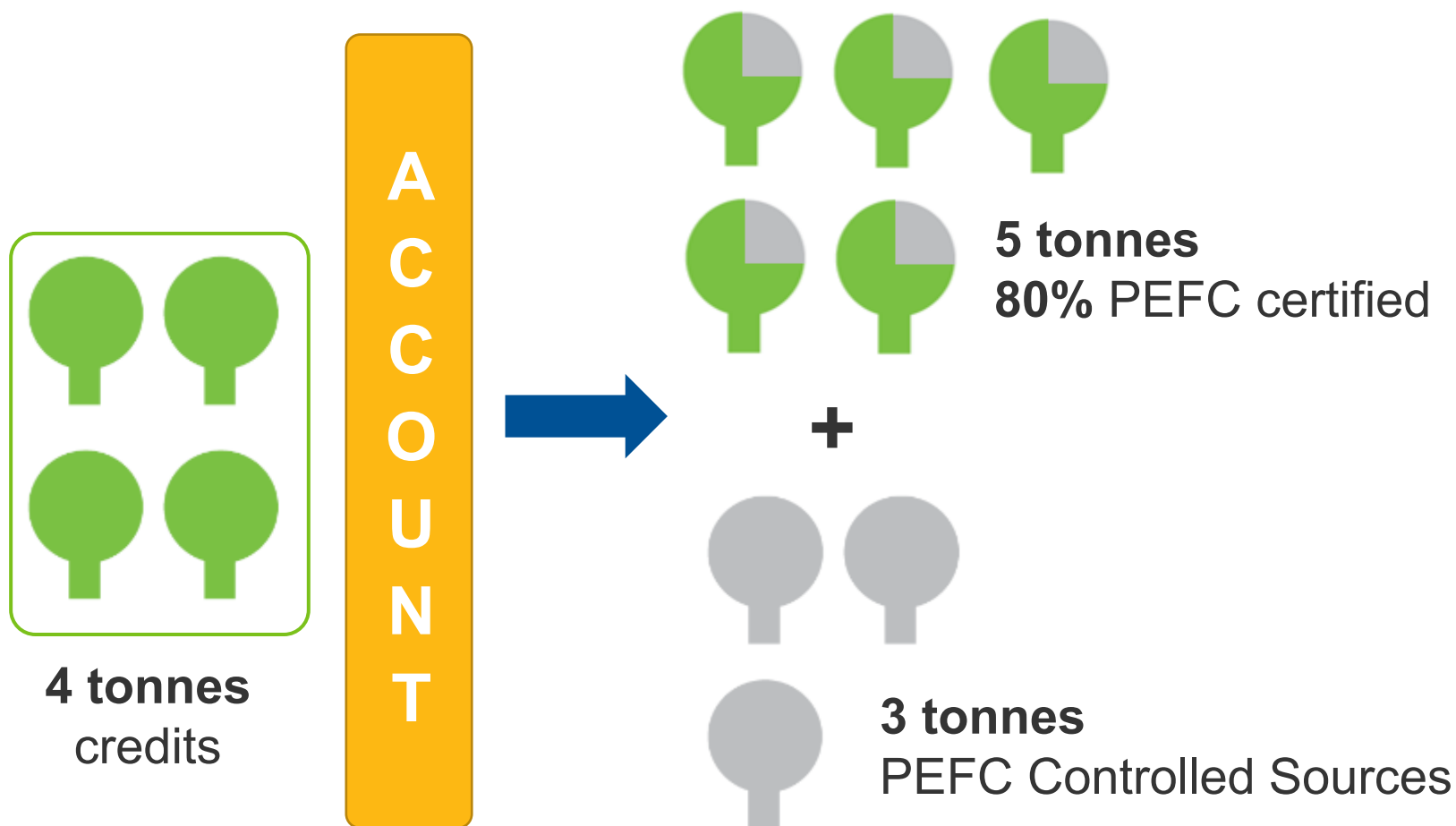
## Selling credits (6.4.8)

### Claim 100%



## Selling credits (6.4.8)

### Lower claim



8 tonnes produced

# Main differences between rolling percentage method and credit method

- Applicable Cc to the output period:
  - same Cc for all the output products produced during the claim period
  - Cc up to the company, according to the available credits in the account
- Max input period
  - 12 months for percentage system
  - 24 months of accumulated credits for credit system method
- Max output product
  - 3 months for percentage system
  - Nothing for credit system

## Credit Accounts: 6.4.4



**The organisation needs to make sure that there is no double counting between the different systems, independently if the credit account was created as a common one gathering different certification systems, or if there are separate credit accounts, one for each scheme. The claims need to be correctly stated according to the rules of the corresponding standards.**



# Summary of most important points



- New definition of product group and consequences
- Product groups can be established across sites
- 3 CoC methods: physical separation, percentage method and credit system, not differentiating between calculation of certified content and transfer of credits
- Rolling percentage method shall have a way to transfer Cc to outputs
- Credit method shall have a way to calculate Cc
- Credit account expanded to 24 months (36 months if average production longer)

# Percentage and Credit Method

Incoming delivery

X% PEFC Certified or  
100% PEFC Origin

PEFC Controlled  
Sources

No claim

PEFC DDS

Access to information on origin & tree species App.1, Chap.2

Verification of substantiated concerns, App.1, Chap.4

No sub-  
stantiated  
concerns

If sub-  
stantiated  
concern

No sub-  
stantiated  
concerns

If sub-  
stantiated  
concern

Risk Assessment  
(Use Indicator Tables)

Negligible  
risk

Significant  
risk

Risk Management

Negligible risk

Unsuccessful

Processing

X% PEFC Certified

+

PEFC Controlled Sources



No input in PEFC  
Chain of Custody

Sales

X% PEFC  
Certified

or

When using  
credit system:

X% PEFC  
Certified

+

PEFC Controlled  
Sources

Flow of material:

---> PEFC Certified

.....> PEFC Controlled Sources

# Quiz

- A company would like to sell PEFC controlled sources **timber** as X% PEFC certified. The manager remembers that they keep a PEFC CoC credit account for **pulp** that they also produce. Can the company use the credits from the pulp account to sell the timber as X% PEFC Certified?

**Yes or No**



# Questions, Comments, Feedback