

---

---

**Chain of custody of forest-based products –  
Guidance for use**



---

---

**PEFC Council**

World Trade Center 1, 10, route de l'Aéroport  
CH-1215 Geneva, Switzerland  
Tel: +41 (0)22 799 45 40, Fax: +41 (0)22 799 45 50  
E-mail: [info@pefc.org](mailto:info@pefc.org), Web: [www.pefc.org](http://www.pefc.org)

**Copyright notice**

© PEFC Council 2011

This PEFC Council document is copyright-protected by PEFC Council. The document is freely available from the PEFC Council website or upon request.

No part of the document covered by the copyright may be changed or amended, reproduced or copied, in any form or by any means for commercial purposes without the permission of PEFC Council.

The only official version of this document is the English version. Translations of the document can be provided by PEFC Council or PEFC National Governing Bodies. In the event of any doubt or uncertainty the English version is binding.

**Document name:** Chain of custody of forest-based products – Guidance for use

**Document title:** PEFC GD 2001:2011, Issue 1

**Approved by:** PEFC Board of Directors    **Date:** 2011-05-25

**Issue date:** 2011-06-22

**Application date:** 2011-06-22

## Contents

Foreword	4
Introduction	4
1	Scope ..... 5
2	Normative references..... 5
3	Terms and definitions..... 5
Section 1:	General guidance for the use of PEFC ST 2002:2010 ..... 6
Section 2:	Guidance for the implementation of PEFC Chain of Custody for specified projects ..... 22

## Foreword

PEFC Council (the Programme for the Endorsement of Forest Certification schemes) is a worldwide organization promoting sustainable forest management through forest certification and labelling of forest-based products. Products with the PEFC claim and/or label deliver confidence for customers and end consumers that raw material originate from sustainably managed forests, recycled and non-controversial sources.

PEFC Council provides endorsement of national forest certification schemes which are required to comply with PEFC Council requirements and are subject to regular evaluations.

PEFC Council decided on a one-year transition period (until 26 November 2011) for the implementation of PEFC ST 2002:2010 and replacement of Annex 4 of the PEFC Council Technical Document. The transition period has the following implications:

- a) After 26 November 2011, all certified entities shall implement and follow the requirements of PEFC ST 2002:2010;
- b) After 26 November 2011, all initial audits shall be carried out against PEFC ST 2002:2010;
- c) After 26 November 2011, certification bodies are not required to carry out extraordinary audits to verify certified entities' compliance with PEFC ST 2002:2010. However, all regular surveillance or recertification audits carried out after 26 November 2011 shall be performed against PEFC ST 2002:2010 and the certification bodies shall issue a new certificate with the scope referring to PEFC ST 2002:2010;
- d) After 26 November 2012, PEFC Council will not recognize any certificate issued against Annex 4 of the PEFC Council Technical Document.

## Introduction

PEFC claims made on forest-based products provide information relating to the origins of forest-based products in sustainably-managed forest and recycled sources and other non-controversial sources. Purchasers and potential purchasers can use this information when choosing a product based on sustainability, as well as other considerations. The purpose of communicating information on the origin of the raw materials is to encourage demand for, and supply of, those products originating in sustainably-managed forests thereby stimulating the potential for continuous market-driven improvement of the world's forest resources.

The overall goal of the PEFC Chain of Custody is to provide customers of forest-based products with accurate and verifiable information on the content of material originating in PEFC-certified sustainably-managed forests or recycled material.

## **1 Scope**

This guidance document provides information for the implementation of the requirements of the PEFC Chain of Custody standard PEFC ST 2002:2010.

Provisions of this guidance are informative and any conformity assessment activities shall be carried out against PEFC ST 2002:2010.

## **2 Normative references**

PEFC ST 2002:2010, *Chain of custody of forest-based products – Requirements*

PEFC ST 2001:2008, *PEFC Logo usage rules – Requirements*

## **3 Terms and definitions**

For the purposes of this guidance, the relevant definitions given in PEFC ST 2002:2010 apply.

## Section 1: General guidance for the use of PEFC ST 2002:2010

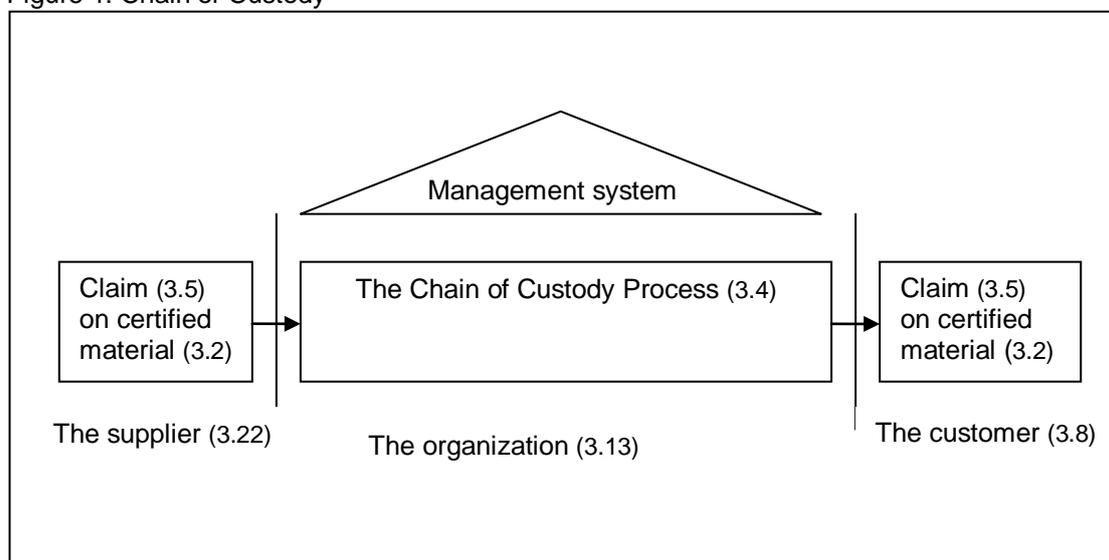
Informative

### Chapter 3: Definitions

#### Chain of Custody (3.4)

The standard defines Chain of Custody as a process for handling information on the origin of raw material which allows accurate and verifiable claims to be made about the content of certified material. Any process is defined as an activity in which inputs are transferred to outputs. In Chain of Custody the input is the supplier's claim about the certified material content and the output is the organization's claim provided to the customer about the certified material content.

Figure 1: Chain of Custody



#### The organization (3.13)/the supplier (3.22)/the customer (3.8)/the sub-contractor (6.8)

The term “organization” refers to an entity which is making claims about the content of certified material to the customer and which can clearly identify the supplier and customer. The definition of the “organization” also provides guidance as to who needs PEFC Chain of Custody. The PEFC Chain of Custody is implemented by any entity making PEFC claims to its customers.

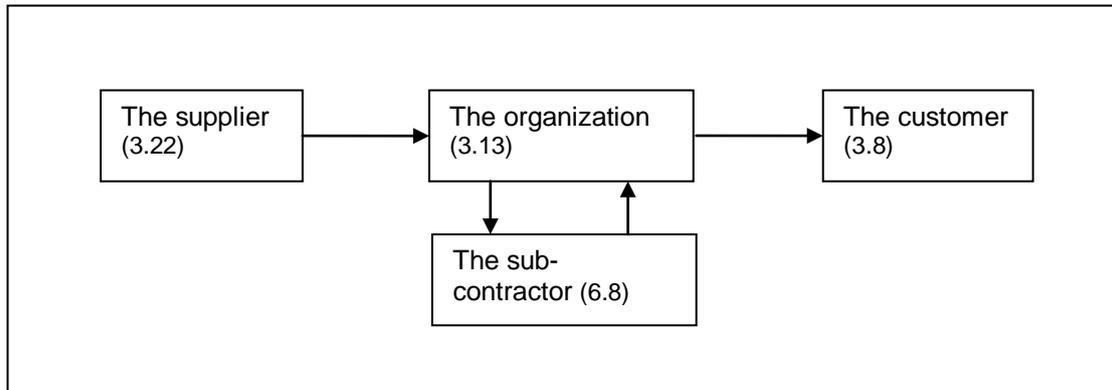
The term “supplier” refers to an entity which is directly supplying material/products to the organization together with the formal claim about the content of certified material. The supplier communicates the claim in the document associated to a delivery of material meeting the requirements of 4.2.1.2/5.2.1.2-5.2.1.3.

The term “customer” refers to an entity to which the organization makes the claim about the content of certified material. The organization communicates the formal claim to the customer in the document associated to the delivery of material, meeting requirements 4.4.1.3 / 5.5.1.3 -5.5.1.4.

Any supply chain and business scenario where “the supplier – the organization – the customer” model can be defined may be covered by Chain of Custody. The definitions of “supplier” and “customer” are based respectively on “who delivers the claim” and “to whom is

the claim made”, regardless of the physical delivery or title of ownership of the supplied material/product.

Figure 2: Chain of Custody model “the supplier – the organization – the customer”

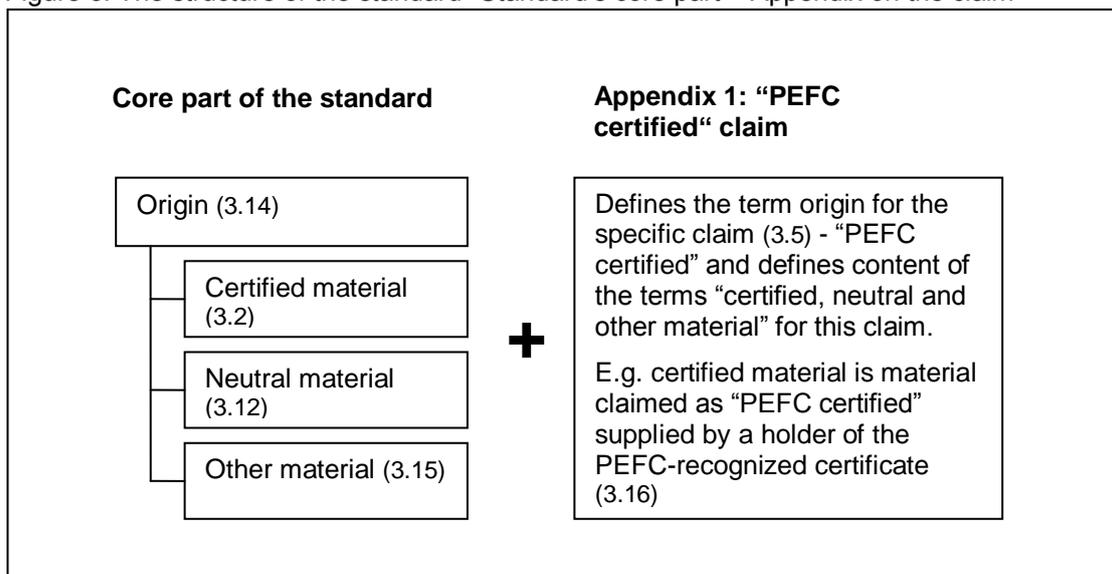


**Claim (3.5)/Origin – material origin (3.14)**

A “claim” is generally defined as information relating to certain aspects of a product. In the case of Chain of Custody, the claim relates to the origin of the material. The origin of material is not defined as the geographical place where the material originates, but rather refers to the characteristics of this location. The origin can therefore be from PEFC-certified forests or from recycled sources.

The Chain of Custody standard can be used for the purposes of various claims, either those of PEFC Council (e.g. “PEFC certified”) or specific claims of PEFC member schemes. Each claim would logically need its own definitions of material which are recognized by the claim. Therefore the core part of the Chain of Custody standard uses the generic terms “certified, neutral and other material”, while the content of those terms is made in a claim-specific appendix.

Figure 3: The structure of the standard “Standard’s core part – Appendix on the claim”



**Recycled material (3.19)**

Table 1: Examples of material classification as recycled/not recycled

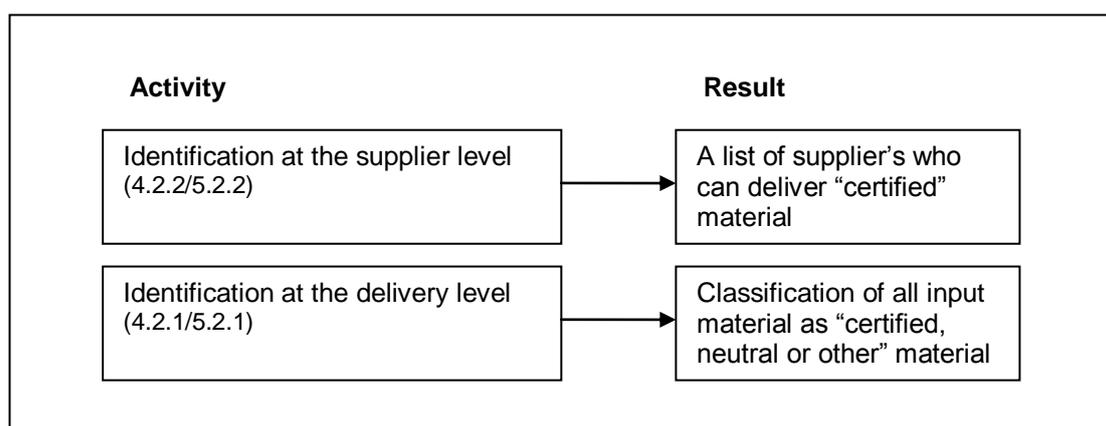
<b>Examples of material</b>	<b>Classification</b>	<b>Note</b>
Construction and demolition debris	Recycled	Material generated by commercial, industrial and institutional facilities, the product can no longer be used for the intended purpose.
Commercial transport packaging, such as pallets, crates, cases, cable drums, etc.	Recycled	Material generated by commercial, industrial and institutional facilities which can no longer be used for the intended purpose.
Furniture off-cuts procured by panel board producer	Recycled	Diverted from the waste stream, the material is not used in the same process by which it was generated.
By-products such as sawdust or chips	Not recycled	Neither pre-consumer, nor post-consumer. By-products are explicitly excluded by definition from pre-consumer recycled material.
Unsold magazines, newspapers and other printed material returned from the distribution	Recycled	Generated by industrial facilities in their role as the end-user, the product can no longer be used for its intended purpose.
Reclaimed defective furniture from the manufacture, used by panel board producer	Recycled	Generated by industrial facilities, the industrial facility is the end-user of the defective furniture; the product can no longer be used for its intended purpose.
Printer's off-cuts	Recycled	Diverted from the waste stream, the material is not used in the same process by which it was generated.
Reclaimed office or households scrap paper	Recycled	Generated by households
Grades of recovered paper identified based on EN 643	Recycled	The grades defined by EN 643 meet the definition of recycled material
Mill broke from paper or pulp production used in the same process as it was generated by	Not recycled	The mill broke is excluded from the definition of recycled material as it is "material generated in a process and being capable of being reclaimed within the same process that generated it".

## Chapter 4.2/5.2/Appendix 1: Identification of the origin

The organization shall, for each delivery of material, identify and verify the category of the origin (certified, neutral and other material) based on information and the claim provided by the supplier in the documentation associated with the delivery.

The identification of the origin is carried out in two steps: (i) identification at the supplier level, and (ii) identification at the delivery (incoming) level.

Figure 4: Identification of the origin



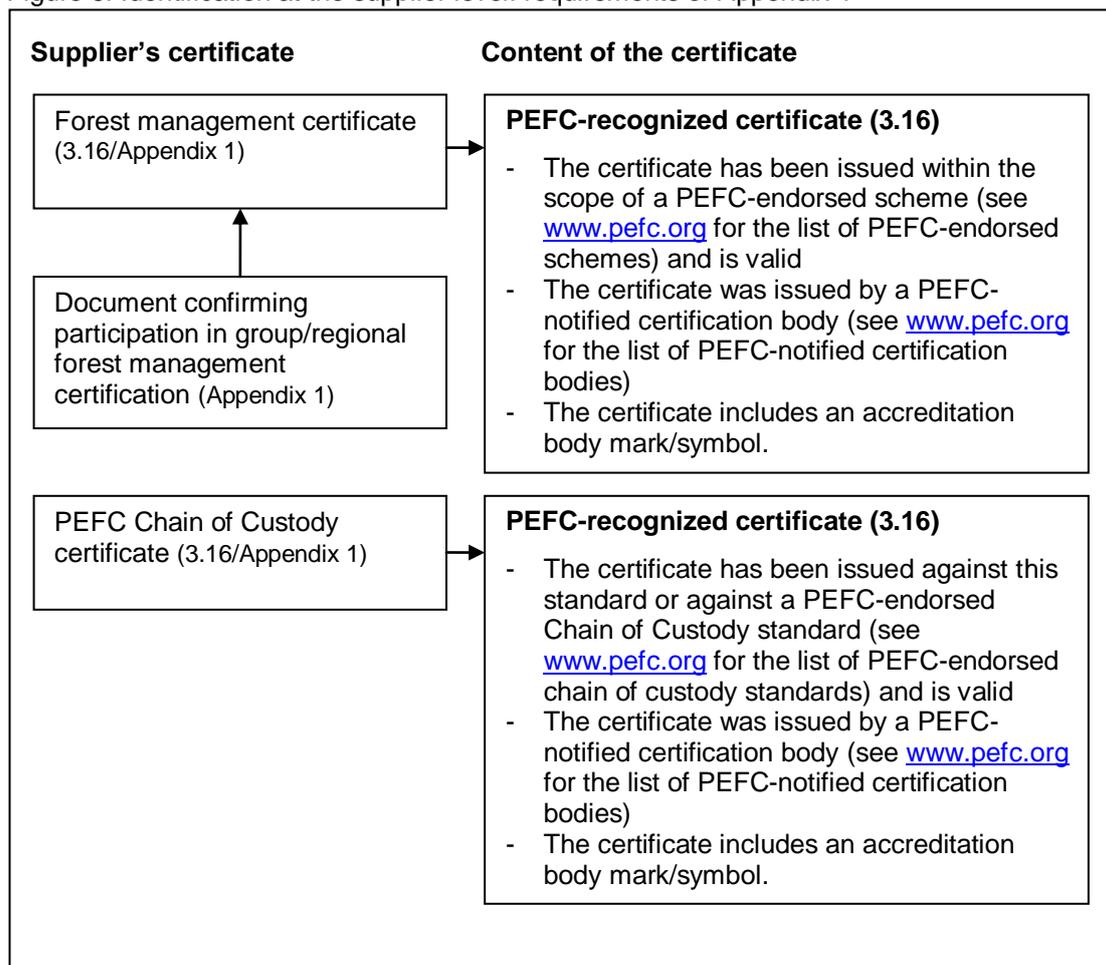
### Chapter 4.2.2/5.2.2 Identification of the origin at the supplier level

The organization shall verify whether or not each supplier of certified material meets the criteria for the supplier of certified material defined for the specific claim "PEFC certified" in Appendix 1. The verification is based on the supplier's Forest Management or Chain of Custody certificate, which the supplier will make available to the organization by providing the organization with access to a copy of its certificate, for example through a hardcopy or through specific reference to its website.

All the information can also be verified through the PEFC Council database of PEFC-recognized certificates ([www.pefc.org](http://www.pefc.org)). However, verification of the supplier status in the database does not replace the organization's responsibility to be in possession of a copy or to have access to a copy of the supplier certificate.

The term "other document confirming the certified status" (4.2.1.2g, 4.2.2.1, 4.4.1.3g, 5.2.1.3b, 5.2.2.1) refers to a document attesting that the entity is covered by the PEFC-recognized certificate in case of regional or group forest management certification or multi-site Chain of Custody certification.

Figure 5: Identification at the supplier level: requirements of Appendix 1



## Chapter 4.2.1/5.2.1: Identification of origin at the delivery level

## Chapter 4.4.1/5.5.1: Documentation associated with sold/transferred products

Figure 6: Example of documentation associated with sold products (invoice)

**JONSSONS TIMBER AB** Invoice  
 Änåsvägen 40 - 41668 Göteborg - Sweden (1) Date: (5) 13.3.2010  
 Number: 140177

**ORIGINAL**

---

<b>Smith LTD</b> (2) MALDON ROAD STANWAY COLCHESTER ESSEX CO3 0SL ENGLAND  VAT GB861447013	<i>FINAL DESTINATION</i>  MALDON ROAD STANWAY COLCHESTER ESSEX CO3 0SL ENGLAND
---	--

Country of origin	SWEDEN	Terms of delivery	FBY COLCHESTER
Country of destination	ENGLAND	Terms of payment	
From/via	GOTHENBURG, HARWICH	Vessel	MS GUSTAV A.
To	COLCHESTER	B/L date	12.3.2010
Buyers reference	CK14011977	Sellers reference	SD12013

Product		Unit price	Amount	Total price
lot n. 234 (3) 38x80 Sawn Spruce, Sawfalling, Special KD, KD 12%, 63% PEFC certified (6)	11 pcks	██████ SKr	(4) 40,457 m3	██████ SKr
lot n. 235 38x80 Sawn Pine, Sawfalling, Special KD, KD 12%	10 pcks	██████ SKr	31,824 m3	██████ SKr
<b>TOTAL</b>	21 pcks		72,281 m3	██████ SKr

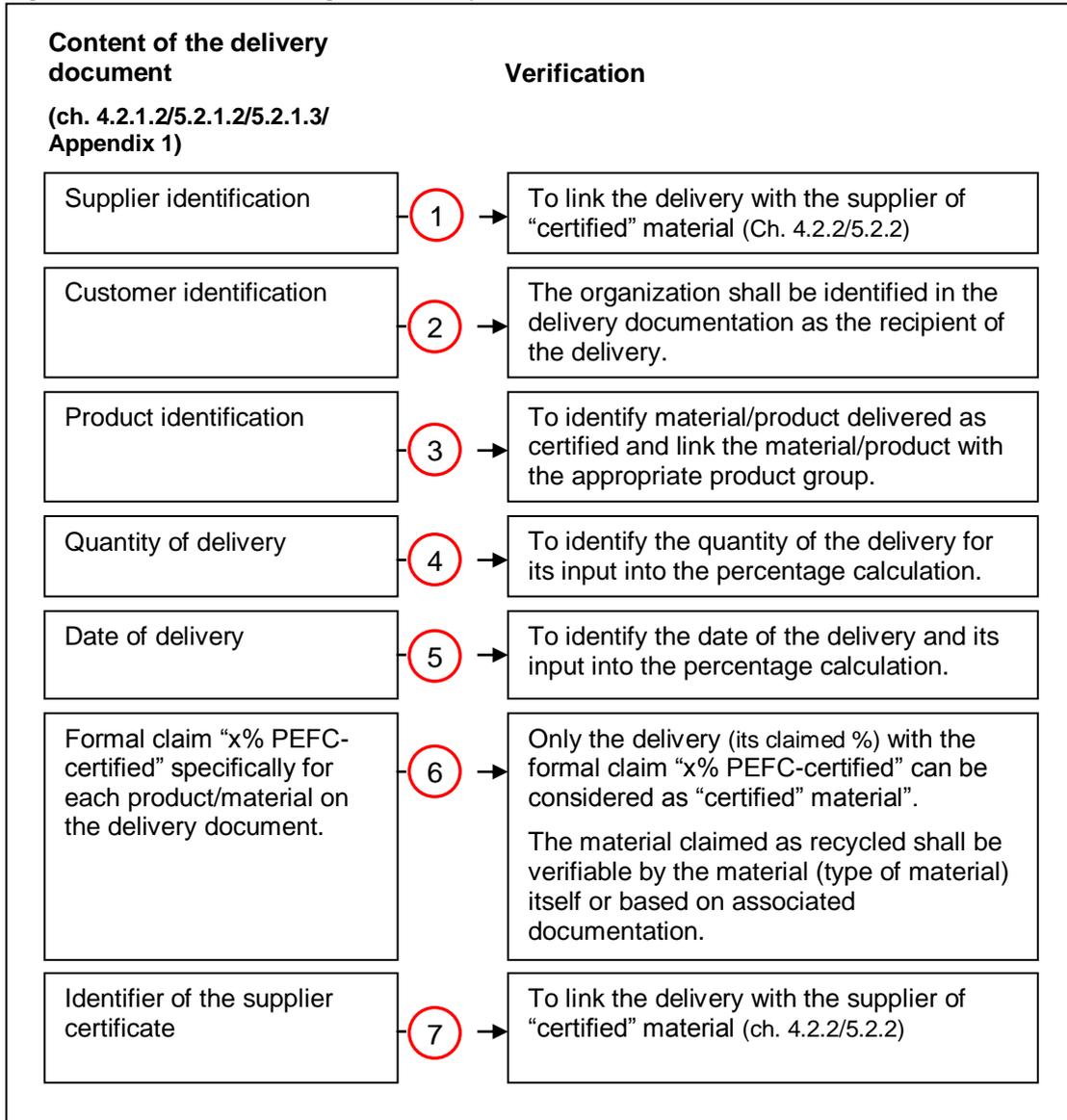
These goods are softwood which has been kiln dried to below 20% moisture content.

JONSSONS TIMBER AB holds the PEFC Chain of Custody certificate No. 123465, issued by CERTIFICATION SERVICES INTERNATIONAL (7)

Customs item number  
 4407093 Sawn wood (spruce, pine) 72,281 m<sup>3</sup>

Jonssons Timber AB Änåsvägen 40 41668 Göteborg Sweden (1)	Tel.: +46 (0) 31 - 84 33 10 Fax: +46 (0) 31- 84 33 13 Email: info@jonssons-timber.se VAT SW86655442
--	--

Figure 7: Identification of origin at delivery level

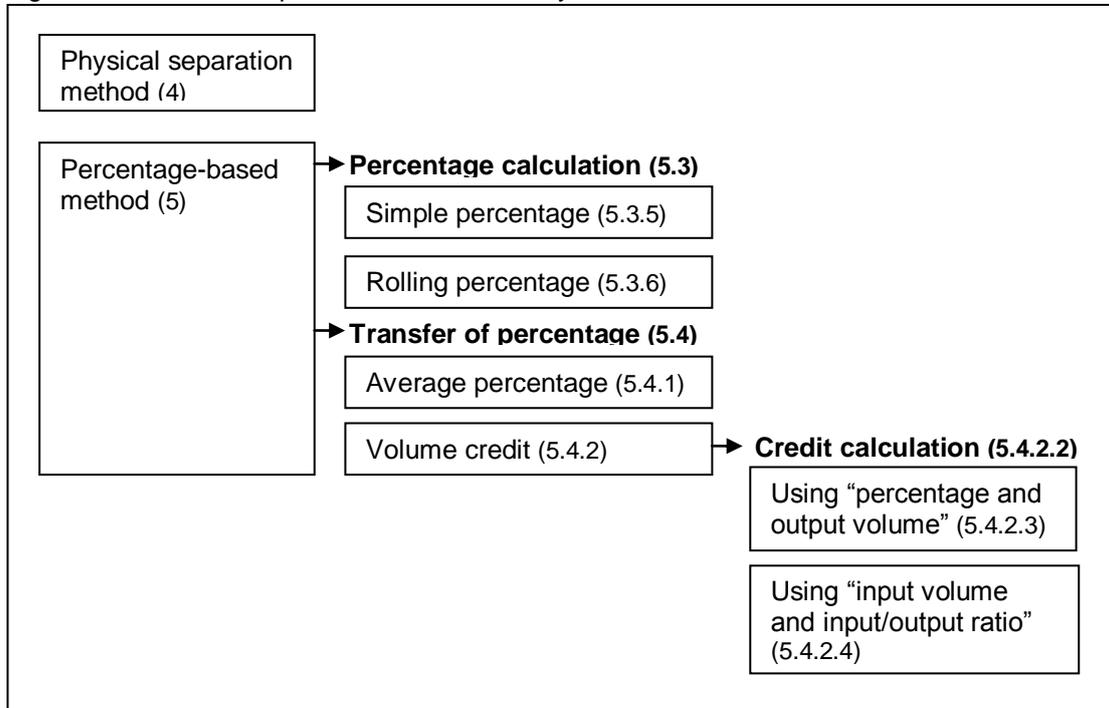


The same kind of information (see Figure 6 and Figure 7) that the organization is required to receive from the supplier of certified product/material will be provided by the organization to its customers (Ch. 4.4.1/5.5.1), including formal claims on the material origin (“x% PEFC-certified”). The organization is also required to provide its customers with a copy or access to a copy of its Chain of Custody certificate.

## Chapters 4 and 5: Chain of Custody methods

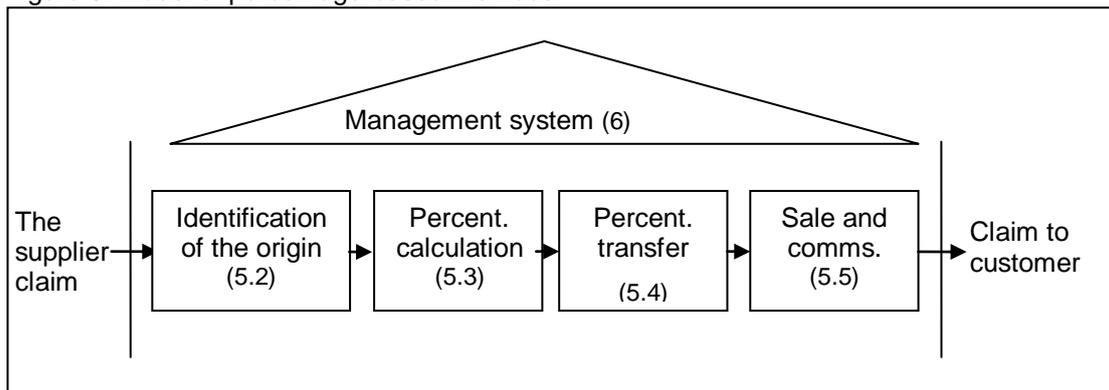
The PEFC Chain of Custody standard provides several optional methods which the organization can implement based on its material flow, but also based on its communication and marketing needs or on a customer's specific demands.

Figure 8: Structure of optional Chain of Custody methods



## Chapter 5: Percentage-based method

Figure 9: Model of percentage-based methods

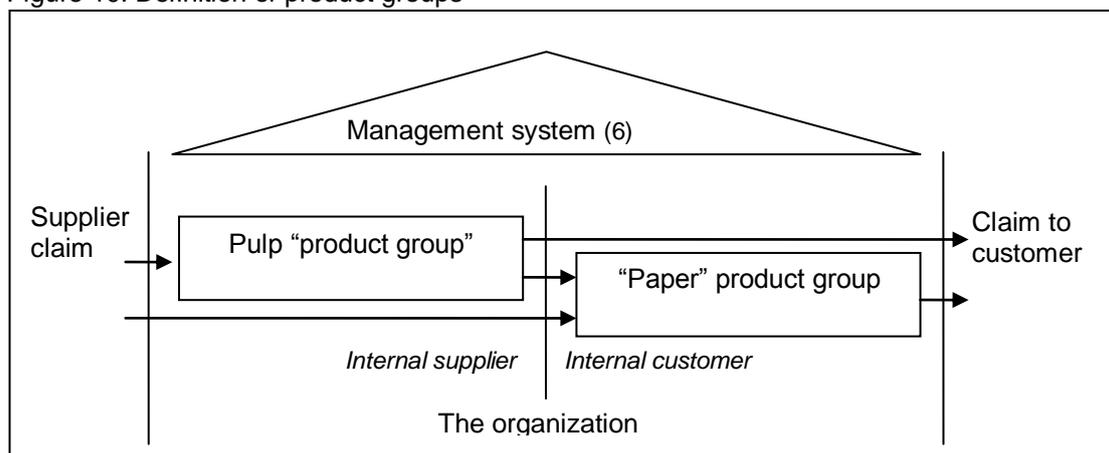


### Chapter 5.1.2: Definition of the product group

The organization shall define product groups for which the Chain of Custody is implemented. The product group can be associated with a single product type or a group of products. The product group can only include output products which include the same or similar input material, according to, for example, species, sort, etc.

The organization can define parallel or subsequent product groups. In case of subsequent product groups, the terms “supplier” (3.22) and “customer” (3.8) should also be understood as “internal” supplier and “internal” customer.

Figure 10: Definition of product groups



### Chapter 5.2.1.4 Identification at the delivery level

Based on verification of information received in the delivery document (Ch. 5.2.1 and 5.2.2), the organization shall classify each material as either “certified”, “neutral” or “other”.

Table 2: Example of the origin identification in panel board production

1	2	3	4	5	6	7	8	9
Deliv.#	Date	Description	PEFC Claim	Volume		Category of the origin		
				in procured MU	in tonnes	Cert. (in tonnes)	Neutr. (in tonnes)	Other (in tonnes)
537390	030609	Round wood	0%	31300 Kg	31.3	0	0	31.3
537391	030609	Shavings	0%	8160 Kg	8.16	0	0	8.16
537392	030609	Recycled chipped packaging wood	recycled	17840 Kg	17.84	17.84		
Continues								
538399	160609	Sawdust	75%	83 m³	28.38	21.29	0	7.09
Continues								
538705	180609	Round Wood	100%	28140 kg	28.14	28.14	0	
538706	180609	Recycled chipped pallets	recycled	14360 kg	14.36	14.36		
Continues								
<b>Total</b>					<b>43624</b>	<b>26984</b>	<b>0</b>	<b>16640</b>

Note:

Example of origin identification in Table 1:

- The table shows only examples of material procured during the period. Therefore the sums in the row “Total” do not correspond to the figures in columns 6, 7, 8 and 9.
- [column 1] The column “Deliv. #” should allow identification of “the delivery documentation” (Ch. 5.2.1.2)

- [column 4] Includes the PEFC claim (percentage of PEFC certified material) as claimed by the supplier, or “recycled” status of the material. The material with the PEFC claim shall comply with Appendix 1 requirements.
- [column 5] Volume of procured material in measurement units as identified in the delivery documentation.
- [column 6] Volume of procured material in a single measurement unit (dry tonnes) allowing calculation of certification percentage according to Ch. 5.3.2. An organization’s internal conversion ratio was used to transfer delivery “538399” from m<sup>3</sup> to tonnes.
- [column 7, 8, 9] Procured material shall be classified as “certified”, “neutral” or “other” material (Ch. 5.2.1.4). Criteria for those categories of origin are given in Appendix 1. Where the procured product includes only a proportion of PEFC-certified material (see delivery “538399”), only the volume corresponding to the proportion shall be classified as “certified” ( $0.75 * 28.38 = 21.29$ ). The remaining 7.09 shall be classified as “other” material.

### Chapter 5.3: Calculation of the certification percentage

The company can use two methods for calculation of the certification percentage: simple percentage or rolling average percentage.

#### Chapter 5.3.5 Simple percentage

The certification percentage for the specific product group is calculated from the material included in the specific products for which the percentage is calculated. This method is applicable where the organization procures material for specific production (e.g. printing job).

Example: The organization has procured the input material shown in Table 2 (month July) for the production of a specific batch of products for which the claim is made. All the input material has been physically used for the production of the specific product group.

Table 3: Example of simple percentage calculation

1	2	3
Volume of certified raw material procured (tonnes)	Volume of other raw material (tonnes)	Simple percentage
V <sub>c</sub>	V <sub>o</sub>	P <sub>c</sub> $P_c = V_c / (V_c + V_o)$
26 984	16 640	61,86%

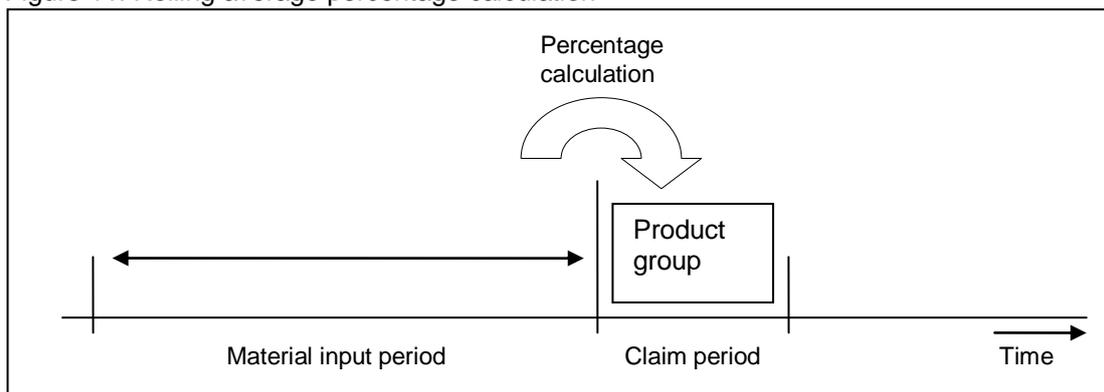
Note: The volume figures given in the table above are taken from Table 2

#### Chapter 5.3.6: Rolling average percentage

The rolling average percentage for the specific claim period is calculated from input material procured during the material input period preceding the claim period.

The claim period shall not exceed three months. The material input period shall not exceed 12 months. The material input period should be longer than the claim period.

Figure 11: Rolling average percentage calculation



**Example of the 3-month rolling average percentage:**

The certification percentage for a 1-month claim period is calculated from the volume of certified and other raw material procured during the last 3 months' input material period.

Note: When the organization starts the Chain of Custody and the time period used in the 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 4: 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 4: Example of 3-month rolling average percentage in panel board production

1	2	3	4	5	6
1-month claim period	Volume of certified material procured (tonnes)	Volume of other material (tonnes)	Sum of volumes of certified material for previous 3 months (tonnes)	Sum of volumes of other material for previous 3 months (tonnes)	3-month rolling average percentage
j=i	Vc	Vo	Vc(3)	Vo(3)	Pc(3)
			$Vc(3) = \sum_{j=i-1}^{i-3} Vc_j$	$Vo(3) = \sum_{j=i-1}^{i-3} Vo_j$	$Pc = \frac{Vc(3)}{Vc(3)+Vo(3)}$
Jan. 09	13654	28654			
Feb. 09	15563	32654	13654	28654	32.27%
Mar. 09	19546	25987	29217	61308	32.28%
Apr. 09	5264	36214	48763	87295	35.84%
May. 09	12695	26154	40373	94855	29.86%
Jun. 09	26984	16 640	37505	88355	29.80%
Jul. 09	21564	15261	44943	79008	36.26%
Aug. 09	26897	14561	61243	58055	51.34%
Sep. 09	15265	22641	75445	46462	61.89%
Oct.. 09	18564	26594	63726	52463	54.85%
Nov. 09	16235	25264	60726	63796	48.77%
Dec. 09	15462	24152	50064	74499	40.19%
Continues					

Note:

Example of calculation given in Table 4:

- [column 1] Represents the identification of 1-month claim period for which the certification percentage is calculated.
- [column 2 and 3] The volume of “certified” and “other” material is a result of the identification of material origin (see Ch. 5.2.1.4). Figures for “Jun.09” are taken from Table 2.
- [column 4] Volume is calculated as the sum of volumes of “certified” material procured in the previous 3 months.

Jun.09:  $Vc(3) = Vc(\text{May.09}) + Vc(\text{Apr.09}) + Vc(\text{Mar.09})$  ;  $Vc(3) = 19546 + 5264 + 12695 = 37\ 505$  [tonnes]

- [column 5] Volume of “other” material is calculated as the sum of volumes of “other” material procured in the previous 3 months.

Jun.09:  $Vo(3) = Vo(\text{May.10}) + Vo(\text{Apr.10}) + Vo(\text{Mar.10})$  ;  $Vo(3) = 25987 + 36214 + 26154 = 88355$  [tonnes]

- [column 6] The rolling average percentage is calculated according to the formula in Chapter 3.3.1:  $Pc = Vc / [Vc + Vo]$

Jun.09:  $Pc(3) = 100 * Vc(3) / [Vc(3) + Vo(3)]$  ;  $Pc(3) = 100 * 37505 / [37505 + 88355] = 29.80\%$

## Chapter 5.4: Transfer of the certification percentage to the outputs

The certification percentage shall be calculated for the specific claim period of the product group and distributed to the products sold/transferred during the claim period. The standard defines two methods: average percentage (Chapter 5.4.1) and volume credit method (5.4.2).

### Chapter 5.4.1: Average percentage method

In the average percentage method the certification percentage applies to all products in the product group of the specified claim period.

Table 5: Application of average percentage method in panel board production (continuation of Table 4)

1	2	3	4
1-month claim period	3-month rolling average percentage	Total output volume of the product group during the claim period (m3)	Volume of certified products in m3 (with % of “PEFC-certified” material)
j=i	Pc(3)	Vpb	Vcp (Vc%)
			$Vcp_i = Vpb_i$ Claimed % = $Pc_i$
Jan. 09	0.00%	64589	0.00
Feb. 09	32.27%	73698	73698 (32.27%)
Mar. 09	32.28%	69568	69568 (32.28%)
Apr. 09	35.84%	65423	65423 (35.84%)
May. 09	29.86%	57894	57894 (29.86%)
Jun. 09	29.80%	66589	66589 (29.80%)
Jul. 09	36.26%	58789	58789 (36.26%)
Aug. 09	51.34%	62458	62458 (51.34%)
Sep. 09	61.89%	59658	59658 (61.89%)
Oct.. 09	54.85%	70458	70458 (54.85%)
Nov. 09	48.77%	62458	62458 (48.77%)
Dec. 09	40.19%	60589	60589 (40.19%)
Continuation			

Note:

- [column 4] The volume of certified products using the average percentage method is equal to the total volume of products sold during the specific claim period ( $Vcp = Vpb$ ). Percentage of the certified raw material claimed in the certified products is equal to the percentage calculated for the specific claim period [column 2].

Jun.09:  $Vcp = 66589$  [m3], Claimed % = **29.80** [%]

### Chapter 5.4.2: Volume credit system

The organization can calculate the volume credits of output products using either:

- certification percentage and volume of output product (Ch. 5.4.2.3), or
- input material and input/output ratio (Ch. 5.4.2.4).

### Chapter 5.4.2.3 Calculation of volume credits using certification percentage and volume of output products

Table 6: Example of volume credits calculation using certification percentage and volume of output products in panel board production (continued from Table 5)

1	2	3	4
1-month claim period	3-month rolling average percentage	Total output volume of the claim period (m <sup>3</sup> ) *	Volume credits in m <sup>3</sup> of output products
j=i	Pc(3)	Vpb	VC
	$Pc = \frac{Vc(3)}{Vc(3)+Vo(3)}$		$VC = Vpb_i * Pc_i$
Jan. 09	0.00%	64589	0.00
Feb. 09	32.27%	73698	23782.34
Mar. 09	32.28%	69568	22456.55
Apr. 09	35.84%	65423	23447.60
May. 09	29.86%	57894	17287.15
Jun. 09	29.80%	66589	19843.52
Jul. 09	36.26%	58789	21316.89
Aug. 09	51.34%	62458	32065.94
Sep. 09	61.89%	59658	36922.34
Oct. 09	54.85%	70458	38646.21
Nov. 09	48.77%	62458	30460.77
Dec. 09	40.19%	60589	24350.72
Continuation			

Note:

- [column 4] The volume credits are calculated from certification percentage for the specific claim period [column 2 and the volume of output products during the claim period [column 3] and

$$\text{Jun.09: } V_{cp} = 29.80 * 66589 = \mathbf{19843.52} \text{ [m}^3\text{]}$$

### Chapter 5.4.2.4: Volume credit calculation using input material and input/output ratio

Table 7: Example of volume credits calculation using the input volume and input/output (I/O) ratio

1	2	3	4	5	6	7
Delivery No.	Date	Description	Status	Volume (m <sup>3</sup> )	Volume credits sawnwood (m <sup>3</sup> ) I/O ratio = 0.6	Volume credits chips & sawdust (t) I/O ratio = 0.18
0353	1.7.09	Roundwood	75% PEFC certified	45	20.25	6.08
0354	3.7.09	Roundwood		65		
0355	3.7.09	Roundwood		85		
0356	5.7.09	Roundwood	100% PEFC certified	65	39	11.7
0357	14.7.09	Roundwood		82		
0358	25.7.09	Roundwood	70% PEFC certified	65	27.3	8.2
<b>Total for June 2009</b>					<b>50.55</b>	<b>25.98</b>

### Chapter 5.4.2.5: Volume credit account

The organization shall establish a volume credit account for the product group covered by the Chain of Custody.

Table 8: Example of volume credit management in panel board production (continued from Table 6)

1	2	3	4	5
Claim period	Credits entered	Credit account (eligible credits) in m3	Maximum credit account in m3	Used credits
	Credits volume (m3)			Credits volume (m3)
i	VC	= $[3]_{(i-1)} - [5]_{(i-1)} + [2]_{(i)}$ condition: $[3] \leq [4]$	$\sum_{i=1}^{i-1} [2]$	
Jan.09	0.00	0.00	0.00	0.00
Feb. 09	23782.34	23782.34	23782.34	0.00
Mar. 09	22456.55	46238.89	46238.89	0.00
Apr. 09	23447.6	69686.49	69686.49	0.00
May. 09	17287.15	86973.64	86973.64	0.00
Jun. 09	19843.52	104270.6	106817.16	2546.56
Jul. 09	21316.89	124629.26	128134.05	958.23
Aug. 09	32065.94	156132.75	160199.99	562.45
Sep. 09	36922.34	193055.09	197122.33	0.00
Oct. 09	38646.21	230154.05	235768.54	1547.25
Nov. 09	30460.77	259067.67	266229.31	1547.15
Dec. 09	24350.72	283418.39	290580.03	0.00
Jan. 10	22564.15	305726.39	313144.18	256.15
Feb. 10	25654.25	315016.09	315016.09	958.26
Mar. 10	26789.15	319348.69	319348.69	123.15
Continuation				

Note:

Example of calculation given in Table 8 for the claim period "Mar.10" (last row):

- [column 2] Volume credits calculated for 1-month claim period (values for months Jan.09-Dec.09 are taken from Table 6).
- [column 3] Credit account (eligible credits) is calculated as a result of the credit account in the previous month [column 3, Feb.10] minus volume credits used in the previous month [column 5, month Feb.10] plus volume credits for the current month [column 2, month Mar.10].

$$\text{Mar.10: } 315016.09 - 958.26 + 26789.15 = 340846.98 \text{ [m3]}$$

Total quantity of volume credits accumulated in the credit account cannot exceed volume credits entered into the credit account during the previous twelve months [column 4 = 319348.69] (chapter 5.4.2.7)

$$340846.98 > 319348.69; \text{ therefore credit account (eligible credits) is } \mathbf{319348.69} \text{ [m3]}$$

- [column 4] Maximum credit account is calculated as the sum of volume credits entered into the credit account during the last twelve months [column 2, month Apr.09-Mar.10].

### Chapters 4.4.2 and 5.5.2: Usage of logos and labels

The standard allows the organization to make claims about the content of certified material (e.g. "x% PEFC-certified" based on Appendix 1). The standard does not require certified products to be labelled. The standard considers the labelling as an optional tool by which the organization communicates the certified product status.

The standard however requires that where the organization decides to use a label/logo for off- or on-product communication, the usage of the logo/label becomes a part of its Chain of Custody and the organization shall follow the terms and conditions stipulated by the owner of the label/logo.

The organization applying the PEFC Logo shall have a valid licence issued by PEFC Council or PEFC-authorized body (e.g. PEFC member organization). The requirements for the usage of the PEFC Logo are included in PEFC ST 2001:2008.

PEFC Logo usage rules (PEFC ST 2001:2008) define two labels: “PEFC certified” and “PEFC Recycled”. The use of those labels is based on two criteria: content of “PEFC-certified” material and content of recycled material.

As the standard can be used for the purposes of various claims developed by PEFC member schemes, the organization can also apply different labels and logos supporting those claims.

Figure 12: Figure in connection with the PEFC Chain of Custody and labelling requirements

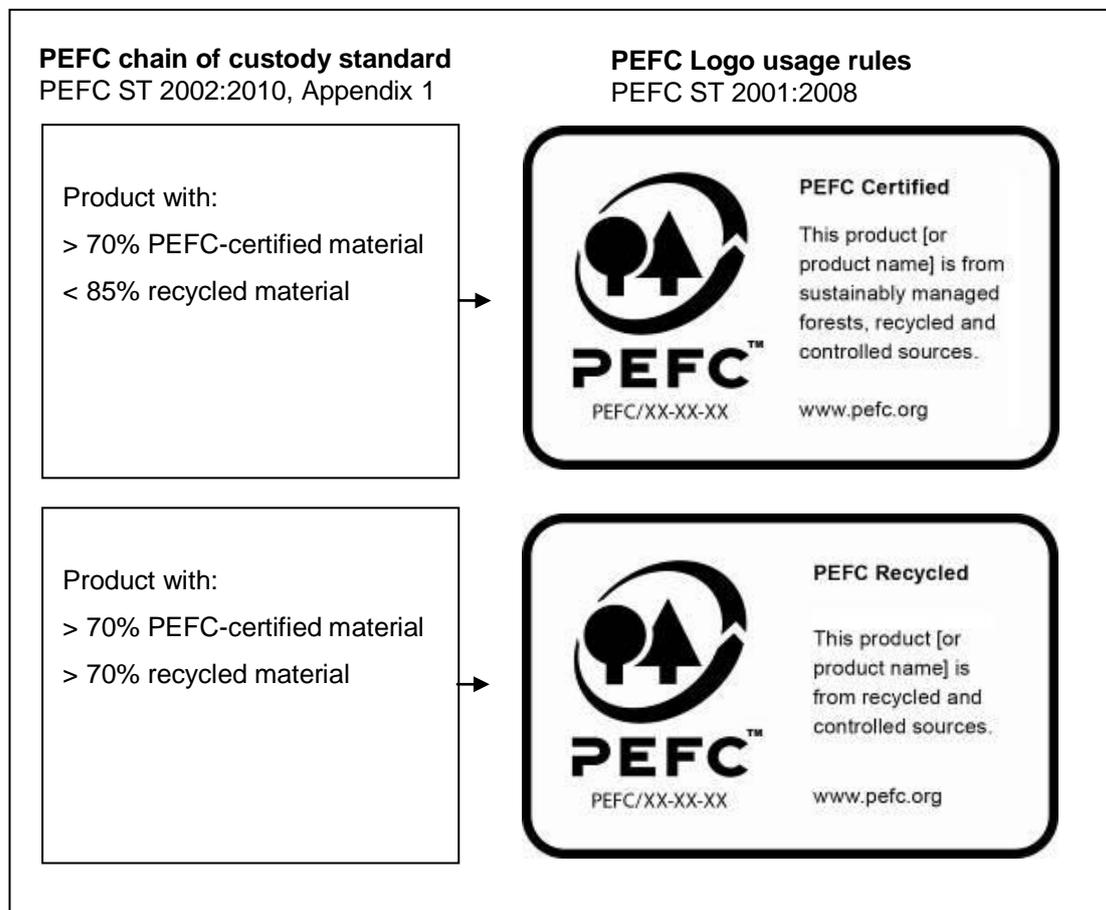


Table 9: Example criteria for the PEFC labels usage

	Company A	Company B
Content of “PEFC-certified” material * <sup>1</sup>	90%	90%
Recycled material * <sup>2</sup>	60%	75%
Applicable PEFC label * <sup>3</sup>	“PEFC-certified” label	“PEFC-recycled” label

Note 1: The content of “PEFC-certified” material in PEFC-certified products is based on requirements of this standard and Appendix 1 to the standard. Recycled material is recognized and included in the “PEFC-certified” content.

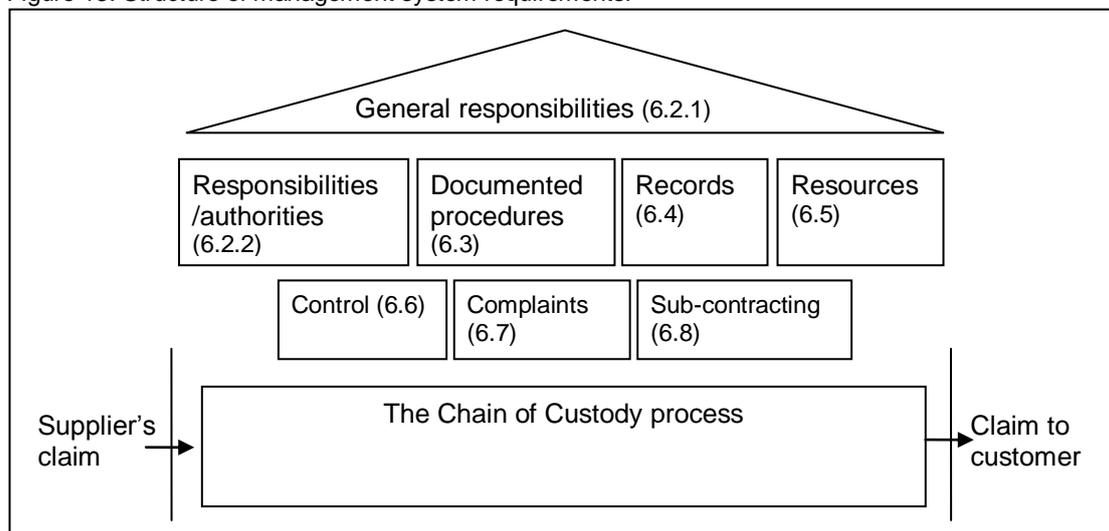
Note 2: The content of recycled material is calculated based on ISO 14021 (see Figure 14).

Note 3: In cases where the content of recycled material ranges between 70% and 85%, the organization can decide on which label to use.

## Chapter 6: Minimum management system requirements

The organization shall establish a management system which ensures that the Chain of Custody process is implemented properly and consistently. At the same time, the management system requirements allow the third-party certification body to audit conformity with this standard based on sampling methods.

Figure 13: Structure of management system requirements.



## Appendix 1: Calculation of the content of recycled material

For products which include recycled material, Appendix 1 of the standard requires the organization to calculate the content of recycled material. The content of recycled material shall be communicated upon request to clients and customers.

The calculation of recycled material shall follow ISO 14021, Chapter 7.8.4 as shown in Figure 14. The definition of recycled material (pre-consumer recycled material and post-consumer recycled material) is consistent with the definition of recycled material used in the PEFC Chain of Custody standard (Chapter 3.19).

The content of recycled material is one of two criteria for determination of the usage of the applicable PEFC label (see also Chapter 5.5.2).

Figure 14: Calculation of recycled material based on ISO 14021

Evaluation shall be undertaken in accordance with clause 6 of ISO 14021. In addition, recycled content shall be expressed quantitatively as a percentage, calculated as shown below. As there are no methods available for directly measuring recycled content in a product or packaging, the mass of material obtained from the recycling process, after accounting for losses and other diversions, shall be used.

$$X(\%) = \frac{A}{P} \times 100$$

where

- $X$  is the recycled content, expressed as a percentage;
- $A$  is the mass of recycled material;
- $P$  is the mass of product.

Verification of the source and quantity of the recycled materials may be carried out through the use of purchasing documentation and other available records.

## **Section 2: Guidance for the implementation of PEFC Chain of Custody for specified projects**

Informative

### **1 Introduction**

This section provides guidance on the implementation of the requirements of this standard for any specifically defined project where certified material is used.

The implementation and certification of the PEFC Chain of Custody at the project level is specific in that it is only linked to and valid for a time- and site-specific project for which the claim(s) is made rather than for on-going and continuous production or trade of certified products.

The information given here should be read in conjunction with the normative part of this standard which provides the definitive normative requirements.

### **2 Terms and definitions**

The relevant definitions of PEFC ST 2002:2010 apply, together with the following definitions specific to this Guide:

#### **2.1**

##### **Controlling entity**

A controlling entity is an organization that has overall control and management of a specifically-defined project.

#### **2.2**

##### **Project**

A project is a clearly defined tangible product, a part of a product which forms a functional unit, or a group of related products forming a functional unit manufactured and/or assembled at one particular site (exceptionally at an integrated series of sites, e.g. a ship built at one site and fitted out at another).

Note 1: The term “project” used in this guide is equivalent to the term product group used in this standard.

Note 2: Examples of a project include: a ship, a new building such as a stadium or an office building, the refurbishment of such a ship or building, etc. An example of “a part of the product” includes roofing of a building. An example of “group of related products” is a building complex at one site.

#### **2.3**

##### **Project member**

A Project member is an organization involved in procuring and installing raw material or products for a specifically-defined project. The term does not include organizations involved in manufacturing or replacing products at a location other than the project site or sites.

### **3 Basis for implementation of project Chain of Custody**

#### **3.1 Application of Chain of Custody methods**

3.1.1 Any project will entail a range of different suppliers providing differing contents of certified materials. In such circumstances, physical separation is not applicable. The project Chain of Custody is therefore based on the percentage-based method where the claim percentage is based on the total input of certified material for the whole project, enabling a single claim to be made based on the proportion of certified material involved in the project.

#### **3.2 Percentage-based method**

### 3.2.1 Project

3.2.1.1 This standard requires that the Chain of Custody requirements shall be implemented for a specific product group. In the case of the project Chain of Custody, the specific project is considered to be the product group to which the Chain of Custody process is applied. The Chain of Custody process entails the identification and quantification of (a) certified, (b) neutral and (c) other material utilized which is used in the calculation of the claim percentage.

3.2.1.2 The project is limited to:

- (a) the product, or part or group of products, covered by the Chain of Custody,
- (b) the single site at which the project was manufactured or assembled,
- (c) the time period over which the project was manufactured or assembled.

3.2.1.3 The project corresponds to the product, construction or part thereof for which the project Chain of Custody claim is made. Examples are given below:

The coverage of the project	Chain of Custody claims
The whole building, e.g. the stadium, including supporting material	x% of wood raw material used in the stadium construction, including supporting material, is PEFC certified.
Roof element of the housing project "abc"	x% of the wood raw material used in the roof element of housing project "abc" is PEFC certified.
Reconstruction of the ship "xyz"	x% of the wood raw material used in the reconstruction of ship "xyz" is PEFC certified.

3.2.1.4 The project can cover several products (e.g. several buildings), however in such a case, all of them form a single functional unit.

3.2.1.5 The claim period corresponds to the time period during which the project was being manufactured or assembled.

### 3.3 Identification of origin

3.3.1 The controlling entity is responsible for ensuring that all materials procured for the project, either directly by that entity or by other project members, are identified and verified as being either (a) certified, (b) neutral or (c) other as defined in the standard.

3.3.2 For each delivery, the identification covers supplier, date of delivery, volume (or weight) and a formal claim, including percentage of certified material.

3.3.3 For each supplier of certified material, the identification also includes verification of the supplier's compliance with the criteria for the supplier of certified material such as PEFC-recognized Forest Management or Chain of Custody certificates.

3.3.4 The project members are responsible for providing the controlling entity with verifiable information on the receipt of all input material as part of this overall identification of inputs to the projects.

### 3.4 Calculation of certified percentage

3.4.1 The claim percentage for the project is calculated as a simple percentage in compliance with this standard, i.e. from input material delivered to and used in the specific project.

3.4.2 The claim percentage calculation is based on a single common unit of measurement for all material covered by the calculation. Where a complex variety of products have been incorporated in the project, the determination of such a single measurement unit can be difficult. If the controlling entity is able to demonstrate that a common volume or weight measurement unit cannot be found, either based on an official or on an internally derived conversion ratio, then the calculation can be based on values in a single monetary currency.

Note: The certification body reviews the justification for a decision by the controlling entity to use monetary values and requires evidence to demonstrate that a common unit in volume, weight or other appropriate terms could not be found.

### **3.5 Transfer of the calculated percentage to output**

3.5.1 The claim percentage is transferred, in compliance with this standard, to the output product (“the defined project”) using the average percentage method. This means that the calculated claim percentage refers and is communicated to the whole project and cannot be distributed to its constituent parts.

### **3.6 Sale of products (including communication of claims)**

3.6.1 The final calculation of the simple percentage of certified material by the controlling entity can only be done after the completion of the project when all materials have been procured, delivered and identified as either (a) certified, (b) neutral, or (c) other material.

3.6.2 The controlling entity can, however, obtain a Chain of Custody certificate to indicate the expected certified percentage before the completion of the project if it is able to demonstrate the expected certified percentage based on commitments, specifications and contractual relationship with its suppliers entered into during the planning stage of the project. The compliance between the planning stage claims and the final calculation based on delivered material is verified by the controlling entity as a part of the internal audit and subsequently by a certification body during the third-party audits.

3.6.3 The controlling entity can only use the label/logo based on a valid authorization/licence from the label/logo owner.

Note 1: Where the PEFC Logo is used, the controlling entity is required to have a valid PEFC Logo licence issued by PEFC Council or the PEFC National Governing Body on its behalf.

Note 2: Any usage of the PEFC Logo with reference to the specific project is considered “on-product usage” and can only be applied when the content or expected content (see above) of PEFC-certified material exceeds 70%.

3.6.4 Both the communication of the percentage content of certified material and the usage of the logo/label of the project should include a claim about the “expected” percentage content calculated during the planning stage.

### **3.7 Controversial sources**

3.7.1 The controlling entity is responsible for implementing the Due Diligence System to ensure that non-certified products supplied to the project through the controlling entity or through a project member do not originate from controversial sources.

3.7.2 The controlling entity and project members are responsible for obtaining from their suppliers self-declarations for non-certified products that they do not originate from controversial sources. The project members provide any such self-declarations to the controlling entity.

3.7.3 The controlling entity is responsible for carrying out a risk assessment for all supplies of non-certified products delivered directly to the controlling entity or to the project members. The controlling entity also carries out a subsequent second- or third-party verification programme in those instances where the risk has been classified as high. The controlling entity should enter into a contractual, or other agreed relationship, with project members whereby it can implement such second- or third-party verification programmes for the supplies delivered through the project members.

## **4 Management responsibilities**

4.1 The controlling entity is required to establish a management system in accordance with this standard to ensure correct implementation and maintenance of the project Chain of Custody process. The management system also covers activities performed by project members.

### Scope of responsibilities for the requirements of this standard

Figure 1: Scope of responsibilities for the requirements of this standard

Responsibilities	Controlling entity	Project member	
<b>5</b>	<b>Chain of custody process - percentage based method</b>		
5.1.2	Definition of the Project	Yes	No
5.2	Identification of the origin of supplied raw material	Yes	Yes (for its own supplies)
5.3	Calculation of the certification percentage	Yes	No
5.4	Transfer of the certification percentage	Yes	No
5.5	Sale and communication (including PEFC Logo usage)	Yes	No
5.6	Controversial sources	Yes	Yes
	Self-declaration	Yes	Yes
	Risk assessment	Yes	No
	2 <sup>nd</sup> and 3 <sup>rd</sup> party verification	Yes	No
<b>6</b>	<b>Management system requirements</b>		
6.2	Management responsibilities	Yes	No
6.3	Documented procedures	Yes	No
6.4	Record-keeping	Yes	No (provides records on material supplied to the controlling entity)
6.5	Resource management	Yes	No
6.6	Inspection and control	Yes	No
6.7	Complaints	Yes	No