Module 5.2: Chain of custody methods – Percentage and credit method

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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.
Percentage method
Calculation of certified content (6.3.2)

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

- **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”.
What enters the calculation as \( V_c \) (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
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 (80 kg) - so PEFC Controlled sources (after going through DDS)
  - Top & Bottom Rails: 100% PEFC certified (400 kg)

- **Certified content**: $\frac{400}{400+80} \times 100 = 83\%$ PEFC certified

- **On-product label allowed**
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)

Example: Input period 3 months / claim period 1 month
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**.
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
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
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)
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 tons
- Certified Content (CC): 50%
- Credits: $8 \times 50\% = 4$ tons
Calculating credits (6.4.5)
Certified content and V output products (6.4.6)

Claim period

CC
Certified Content 50%

OUT
8 tons of output products

ACCOUNT
4 tons credit
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 tons
input/output ratio: 0.67

Credits = 6 * 0.67 = 4 tons

*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 input and input/output ratio (6.4.7)

6 tons certified input

4 tons credit

\[ \text{Ratio} \times 0.67 \]

\[
\begin{array}{c|c}
\text{Input/output} & 0.67 \\
\end{array}
\]
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%

4 tons credits

4 tons PEFC certified +

4 tons PEFC Controlled Sources

8 tons produced
Selling credits (6.4.8) - Lower claim

8 tons produced

4 tons credits

5 tons 80% PEFC certified

3 tons PEFC Controlled Sources
Q5.2. 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
No. Definition of Credit Method: Used to transfer credits from the input of PEFC certified material to PEFC controlled sources material within the same PEFC product group

Used to transfer credits from the input of PEFC certified material to PEFC controlled sources material within the same PEFC product group
PEFC Chain of custody management system

Product groups

Identification of inputs:
- Identification of material (products, quantity) and delivery
- Identification at supplier level
- Classification of material according to material categories

Material excluded:
- recycled material,
- material from species listed in Appendix I to III of CITES

Special treatment:
- Material under a PEFC recognized claim

Physical separation
- Percentage based (rolling percentage)

Implementation of CoC method
- Credit method

Declaration of outputs:
- Specifying doc where making claims
- Include identification information
- Potential CoC claims:
  - X% PEFC certified
  - PEFC controlled sources
  - 100% PEFC Origin
- If allowed, trademarks usage