SECTION 3.

SFI CHAIN-OF-CUSTODY STANDARD

SUSTAINABLE FORESTRY INITIATIVE

UPDATED
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SFI CHAIN-OF-CUSTODY STANDARD

PREFACE

SFI Inc. is an independent, non-profit, charitable organization dedicated to promoting sustainable forest management in North America and supporting responsible procurement globally. The SFI Board is a three chamber Board of Directors representing environmental, social and economic interests equally, and the program addresses local needs through its grassroots network of 37 SFI Implementation Committees across North America. *SFI Inc.* directs all elements of the *SFI* program including the SFI forest standard, chain-of-custody certification, responsible *fiber sourcing* requirements, labeling and marketing.

Consumers in growing numbers want assurance that their buying decisions represent a sound environmental choice. They are asking for proof that wood, paper and packaging products are made with raw materials from *certified forest content* or *certified sourcing.* The SFI Chain-of-Custody Standard and Associated Labels, implemented together with certification to the *SFI 2010-2014 Standard* and the SFI Rules For Use of On-Product Labels, delivers a reliable and credible mechanism so businesses can provide this assurance to customers.

Program Participants practice responsible forestry on the lands they manage and, once they are successfully audited by an independent *SFI certification body,* they can make claims about SFI forest management certification and access SFI-*certified content* labels. They also need to achieve a separate third-party chain of custody certification.

Chain of custody is an accounting system process that tracks wood fiber through the different stages of production. Companies can make claims about how much of their product comes from certified lands, how much contains *post-consumer recycled content*, and how much is responsibly sourced fiber through unique SFI *fiber sourcing* certification. These claims can be made based on either the physical separation or percentage-based methods of tracking *certified forest content* and *certified sourcing.*

The *SFI* program addresses the fact that only 10 percent of the world's forests are certified through procurement requirements in the *SFI 2010-2014 Standard* requiring that *Program Participants* establish adequate measures to ensure all the fiber they source is from legal and responsible sources, regardless of whether it is from certified or uncertified forests. The *SFI* program meets guidelines on environmental claims in product advertising and communication issued by the U.S. Federal Trade Commission and guidelines on environmental labeling and advertising issued by the Competition Bureau of Canada.

Studies have shown that consumers appreciate the value of forest certification in helping them identify wood and paper products from legal, responsible sources. A 2008 survey by GfK Roper Public Affairs & Media and the Yale School of Forestry and Environmental Studies found that North American consumers believe it is important or essential to have eco-labels that describe the environmental impacts caused by the manufacture, use and disposal of products. Of 10 ecolabels tested in the United States, the SFI label had the highest familiarity rating of any forest certification program.

The fact that the *SFI* program can deliver a steady supply of fiber from well-managed forests is especially important at a time when there is increasing demand for green building and responsible paper purchasing, and only 10 percent of the world's forests are certified. The American Consumer Council says it supports the good work of the *SFI* program, and applauds the positive and progressive actions it is taking. A poll by TerraChoice Environmental Marketing found that procurement specialists included the SFI label on a list of the top 10 eco-labels they relied on frequently to make buying decisions.

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SFI CHAIN-OF-CUSTODY STANDARD

SECTION 1: GENERAL

1.1 Scope

This standard specifies requirements for chain of custody an organization must meet if its claims and or labels referring to the *certified forest content* or the *certified sourcing* used in the products it sells or transfers is to be recognized as credible and reliable.

In this standard, the term organization is used to cover any entity harvesting, transporting, handling or processing forest-based products at any stage from a forest to a final consumer.

Organizations shall obtain an independent, third-party certification by an *SFI certification body* to the requirements set out in this standard if they choose to utilize an SFI chain-of-custody label or claim.

This standard specifies two optional approaches for chain of custody, namely physical separation and percentage-based methods.

This standard specifies the minimum management system requirements for the implementation and management of the chain of custody process. An organization's quality (ISO 9001:2008) or environmental management system (ISO 14001:2004) can be used to meet the minimum requirements for the management system defined in section 4 and to accommodate requirements for the certification process defined in sections 2 or 3.

This standard shall be used together with the requirements specifying the *origin*, which is to be verified by the chain of custody. Usage of labels and claims based on the implementation of this standard shall follow ISO 14020:2000.

The conformity assessment carried out by the third party (third-party certification) is considered as product certification and shall follow ISO/IEC Guide 65:1996.

The term "shall" is used throughout this standard to indicate those provisions that are mandatory. The term "should" is used to indicate those provisions which, although not mandatory, are expected to be adopted and implemented.

1.2 References

This standard incorporates, by dated or undated reference, provisions from other publications. These normative and informative references are cited at the appropriate places in the text and the publications are listed hereafter. For dated and undated references, the latest edition of the publication applies.

Normative References

i. ISO/IEC Guide 65:1996 General Requirements for bodies operating product certification systems
ii. ISO/IEC Guide 2:2004 Standardization and related activities – General vocabulary
iii. ISO 14020:2000 Environmental labels and declarations – General principles
iv. Section 2 – *SFI 2010-2014 Standard*
v. Section 4 – Rules for Use of SFI-On-Product Labels
vi. Section 5 – Rules for Use of Off-Product Marks
vii. Section 7 – SFI Legality Requirements and Polices for Avoidance of Illegal Logging Policies
viii. Section 11 – Public Inquiries and Official Complaints

For the purposes of this standard, the relevant definitions given in ISO/IEC Guide 2:2004 and ISO 9000:2005 apply, together with the definitions in the SFI Definitions (Section 13)

Informative References

i. ISO 9000:2005 Quality management systems – Fundamentals and vocabulary
ii. ISO 9001:2008 Quality management systems – Requirements
iii. ISO 14001:2004 Environmental Management Systems – Specification with guidance for use
iv. Program for the Endorsement of Forest Certification schemes (PEFC) Chain of Custody of Forest Based Products Requirements, Normative Document, Annex 4, dated June 17, 2005 including normative amendments of Oct. 27, 2006 and Oct. 5, 2007
v. Section 9 – SFI 2010-2014 Audit Procedures and Auditor Qualifications and Accreditation
vi. Section 13 – SFI Definitions

SECTION 2: REQUIREMENTS FOR CHAIN OF CUSTODY PROCESS – PHYSICAL SEPARATION METHOD

2.1 General Requirements for Physical Separation

2.1.1 The organization applying the physical separation method shall ensure that the *certified forest content* is separated or clearly identifiable at all stages of the production or trading process.

2.1.2 The organization, whose *certified forest content* is not mixed with other raw material and/or where the *certified forest content* can be identified

during the whole process, should use physical separation as the preferred option.

2.2 Identification of the Origin

2.2.1 Identification at Delivery Level
The organization shall identify and verify the category of the *origin* of all procured raw material. Documents associated with the delivery of raw material shall include at least:

a. supplier identification,
b. quantity of delivery,
c. date of delivery / delivery period / accounting period,
d. Category of *origin* – (i.e. percentage from *certified forest content*, from *certified sourcing*, and from *post-consumer recycled content*.)
e. The supplier's chain of custody number, if applicable.

This information can be documented in the form of, but not limited to, an invoice, bill of lading, shipping document, letter, or other forms of communications between the organization and the customer.

Note 1: The categories of the *origin* of raw material are specified in the SFI Definitions (Section 13).

Note 2: A company (e.g. printer or lumberyard) that uses the physical separation method and sources products from a suppler that uses the percentage-based method must know the percentage of *certified forest content* if it wants to label products or make claims about them.

2.2.2 Identification at Supplier Level
The organization shall ensure products meet appropriate criteria for *certified forest content*, which means it shall obtain confirmation from suppliers of *certified forest content* that the criteria have been met.

2.3 Separation of the Certified Forest Content
Certified forest content shall remain clearly identifiable throughout the whole production, trading and storage process. This shall be achieved by:

a. physical separation in terms of production and storage space or
b. physical separation in terms of time or
c. permanent identification of the *certified forest content*.

2.4 Sale of Certified Products

2.4.1 At the point of sale or transfer of the certified products to another entity, the organization shall provide the customer with a document verifying conformance with the chain of custody requirements. This can be in the form of, but not limited to, an invoice, bill of lading, shipping document, letter, or other forms of communications between the organization and the customer.

2.4.2 The organization shall ensure that documentation of the certified products clearly states at least the following information

a. organization's identification,
b. quantity of delivery,
c. date of delivery / delivery period / accounting period,
d. Category of *origin* – (i.e. percentage from *certified forest content*, from *certified sourcing*, and from *post-consumer recycled content*),
e. The organization's chain of custody number.

Note: The categories of the *origin* of raw material are specified in the SFI Definitions (Section 13).

2.4.3 If the organization uses the logo or label, both on-product and off-product usage shall be carried out according to the terms and conditions of the *Office of Label Use and Licensing* and the Rules For Use of SFI On-Product Labels and SFI Off-Product Marks (Sections 4 and 5) in the SFI requirements document.

SECTION 3: REQUIREMENTS FOR CHAIN OF CUSTODY PROCESS – PERCENTAGE-BASED METHOD

3.1 General Requirements for Percentage-Based Method

3.1.1 Application of Percentage-Based Method
The percentage-based method applies to organizations with facilities where *certified forest content* is mixed with non-*certified forest content* and the *certified forest content* cannot be clearly identified in the output products.

3.1.2 Definition of the Production Batch

3.1.2.1 The organization shall implement the requirements for the chain of custody process of this standard for the specific production batch.

3.1.2.2 The organization shall identify its production batch(es) based on the following criteria:

a. raw material included in the products covered by the production batch,
b. production site at which the products covered by the production batch has been produced,
c. time period over which the products covered by the production batch have been produced or sold/transferred.

3.1.2.3 The production batch shall be associated with (i) a single product or (ii) a group of products, which consist of the same or similar input raw material based on, for example, species, sort or substitutability within products (e.g. SPF lumber contains multiple tree species but may be treated as a single production batch).

3.1.2.4 The organization shall identify an entity within the organization for which the production batch is defined and only products produced or controlled by that entity shall be included within the production batch.

Note: the entity may be a standalone manufacturing facility, a forest contractor with multiple harvest sites, a trader or distributor with multiple suppliers, a remanufacturing facility supplied by multiple primary manufacturers or a centralized sales department within an organization with responsibility for multiple manufacturing units.

3.1.2.5 For credibility purposes of the production batch, the maximum time period is three months.

3.1.2.6 The organization shall use a batch identifier to identify all products included in the production batch covered by the chain of custody so it is possible to determine the production batch to which the products belong. The batch identifier can be a unique number or a name that all products within the production batch belong to.

Note: Physical on-product identification of the production batch is not required if the certification percentage is applied to sold or transferred products as the production batch identification is evident from the sale or delivery documents.

3.2 Identification of the Origin

3.2.1 Identification at Delivery Level

The organization shall identify and verify the category of *origin* of all procured raw material. Associated documents with delivery of raw material shall include at least:

a. supplier identification,
b. quantity of delivery,
c. date of delivery / delivery period / accounting period,
d. Category of *origin* - (i.e. what percentages is from *certified forest content*, from *certified sourcing*, and from *post-consumer recycled content*),
e. The supplier's chain of custody number if applicable.

This information can be documented in the form of, but not limited to, an invoice, bill of lading, shipping document, letter, or other forms of communications between the organization and the customer.

Note: The categories of the *origin* of raw material are specified in the SFI Definitions (Section 13) in the SFI requirements document.

3.2.2 Identification at Supplier Level

The organization shall obtain or access confirmation for all suppliers of the *certified forest content* documentation, which proves that the criteria set for the supplier of the *certified forest content* have been met.

3.3 Calculation of the Certified Percentage

3.3.1 The organization shall calculate the certification percentage separately for each production batch according to the following formula:

$$Pc\ [\%] = \frac{Vc}{Vc + Vo} \cdot 100$$

Pc Certification percentage
Vc *Certified content*
Vo Other raw material (*certified sourcing*)

Note: When making claims about *post-consumer recycled content*, the *post-consumer recycled content* can count towards *certified content* and the amount must be disclosed to the customer. However, when making claims about *certified content*, the *post-consumer recycled content* must be counted as a *neutral source. Neutral sources* are not counted towards or against the calculation of the *certified content* percentages in chain of custody tracking.

3.3.2 The organization shall calculate the certification percentage based on a single measurement unit used for all raw material covered by the calculation. The organization shall use only official conversion ratios and methods. If a suitable official conversion ratio does not exist, the organization shall define and use a reasonable and credible internal conversion ratio.

3.3.3 If the procured raw material includes only a proportion of *certified content*, then only the quantity corresponding to the actual certification percentage claimed by the supplier can enter the calculation formula as *certified content*. The rest of that raw material shall enter the calculation as other raw material.

3.3.4 The organization shall calculate the certification percentage either as a simple or rolling average percentage. Refer to Appendix 1 of this document for the definitions of simple and rolling average calculations.

3.3.5 The organization applying the simple certification percentage shall base the calculation of Pc (the certification percentage) for each production batch on the figures for Vc (*certified content*) and Vo (other raw material) for that specific production batch. As a result, it is necessary for the organization applying this method to know the percentage of *certified content* before any product of the production batch is sold or transferred.

The production batch shall not exceed three months of production.

3.3.6 The organization applying the rolling average certification percentage shall base the calculation of Pc (the certification percentage) for each production batch on the figures for Vc (*certified content*) and Vo (other raw material) for a specified number of prior production batches (excluding the current production batch).

The time period covered by the specified number of prior production batches shall not exceed 12 months.

3.4 Transfer of the Calculated Percentage to the Outputs

3.4.1 Average Percentage Method
The organization applying the average percentage method can label all the products covered by the production batch, provided that the percent of *certified forest content* is clearly communicated on the SFI label. In addition, the actual percentage of *certified forest content* must be communicated to the customer per 3.5.2.d

When the label is being applied on solid wood products with the "At Least X%" expression in the label, the claim must read, "Product Line Contains At Least X% Certified Forest Content." See *Section 4 — SFI Rules for Use of SFI On-Product Labels* for further guidance.

3.4.2 Volume Credit Method

3.4.2.1 The organization applying volume credit shall recognize volume credits in the single measurement unit used for all raw material inputs. Volume credits shall be transferred to a volume credit account based on the amount of certified raw material used in each production batch. The amount of material considered certified can be calculated by using either the simple average or rolling average method.

Note: If the certification percentage for the production batch is 54% then the amount of the output that can be sold as a SFI chain-of-custody certified product is the amount of output that would be produced by 54% of the input raw material. The label used for this method is as follows.

3.4.2.2 The volume credit shall be distributed to the output products from the volume credit account in a way that all products sold as certified are sold as 100% certified. The amount of volume credit required for each output unit shall be based on the specific ratio of input raw material/output product units for that specific product.

3.4.2.3 The organization can cumulate the volume credit by creating a credit account, which can be used for the next production batches.

3.4.2.4 The total quantity of credits cumulated at the credit account cannot exceed the sum of credits entered into the credit account during the last 12 months.

3.5 Sale of Products

3.5.1 When the organization sells or transfers the certified products, the organization shall provide customers with a document verifying conformance with the chain of custody requirements. This can be in the form of, but not limited to, an invoice, bill of lading, shipping document, letter, or other forms of communications between the organization and the customer.

3.5.2 The organization shall ensure that documentation of the certified products clearly states at least the following information:

a. organization's identification,
b. quantity of delivery,
c. date of delivery / delivery period / accounting period
d. Category of *origin* – (i.e. **Average percent users** – percentages from *certified forest content*, from *certified sourcing*, and from *post-consumer recycled content*. **Volume credit users** – percentage of transferred *certified forest content* per 3.4.2.2. If 100%, then the claim should be "100% certified as calculated under the volume credit method").
e. The organization's chain of custody number.

3.5.3 If the organization uses the logo, both on-product and off-product usage shall be carried out according to the terms and conditions of the *Office of Label Use and Licensing* and the Rules for Use of SFI On-Product Labels and SFI Off-Product Marks (Sections 4 and 5 in the SFI requirements document).

3.6 Sourcing From Outside the United States and Canada

3.6.1 Process to Avoid *Controversial Sources*
When sourcing from outside the United States and Canada, the organization shall establish adequate measures to ensure that the certified products do not include raw material from *controversial sources.* Use of *controversial sources* is not allowed in SFI-labeled products. The organization shall:

3.6.1.1 Require a signed self-declaration that the supplied raw material does not originate from *controversial sources*. If it has signed contracts with its suppliers, it shall include such a declaration in the contracts.

3.6.1.2 Evaluate the potential risk of procuring raw material from *controversial sources* and establish a program to check a sample of self-declarations by suppliers, using a second- or third-party verification.

Note: The potential risk evaluation carried out by the organization should be based on the regional / country level.

3.6.1.3 Ensure procurement from areas outside the United States and Canada promote the *conservation* of *biodiversity hotspots* and *high-biodiversity wilderness areas.*

3.6.1.4 Develop a process with direct suppliers to promote the principles of sustainable forestry.

3.6.1.5 Ensure it knows whether direct suppliers are applying the principles of sustainable forestry.

3.6.1.6 Have a process in place to assess the risk of fiber from countries without effective social laws addressing the following:

1. workers' health and safety;
2. fair labor practices;
3. indigenous peoples' rights;
4. antidiscrimination and anti-harassment measures;
5. prevailing wages; and
6. workers' right to organize.

3.6.1.7 Program to address any significant risk indentified under 3.6.1.6

3.6.1.8 See Section 7 in the SFI requirements document for SFI's Policy on Illegal Logging.

SECTION 4: MINIMUM MANAGEMENT SYSTEM REQUIREMENTS

4.1 General Requirements

The organization shall operate a management system in accordance with the following elements of this standard, which ensure correct implementation and maintenance of the chain of custody process. The management system shall be appropriate to the type, range and volume of work performed.

Note: An organization's quality (ISO 9001:2008) or environmental (ISO 14001:2004) management system can be used to meet the minimum requirements for the management system defined in this standard.

4.2 Responsibilities and Authorities for Chain of Custody

4.2.1 Management Responsibilities

4.2.1.1 The organization's top management shall define and document its commitment to implement and maintain the chain of custody requirements, and make this available to its personnel, suppliers, customers, and other interested parties.

4.2.1.2 The organization's top management shall appoint a member of the management who, irrespective of other responsibilities, shall have overall responsibility and authority for the chain of custody.

4.2.1.3 The organization's top management shall carry out a regular periodic review of the chain of custody and its compliance with the requirements of this standard.

4.2.2 Responsibilities and Authorities for Chain of Custody

The organization shall identify personnel performing work affecting the implementation and maintenance of the chain of custody, and establish and set responsibilities and authorities relating to the chain of custody process:

a. raw material procurement and identification of the *origin*;
b. product processing covering physical separation or percentage calculation and transfer into output products;

c. product sale and labeling;
d. record keeping; and
e. internal audits and non-conformity control.

Note: The responsibilities and authorities for the chain of custody given above can be cumulated.

4.3 Documented Procedures

The organization's procedures for the chain of custody shall be documented, and include at least the following elements:

a. description of the raw material flow within the production process;
b. organization structure, responsibilities and authorities relating to chain of custody; and
c. procedures for the chain of custody process covering all requirements of this standard.

4.4 Record Keeping

4.4.1 The organization shall establish and maintain records to provide evidence it has conformed to the requirements of this standard and its chain of custody procedures are effective and efficient. The organization shall keep at least the following:

a. records of all suppliers of forest-based raw material, including information to confirm requirements at the supplier level are met;
b. records of all purchased forest-based raw material, including information on its *origin*;
c. records that demonstrate how the certification percentage for each production batch was calculated;
d. records of all forest-based products sold and their claimed *origin*. including, as applicable, records of movements in volume credit accounts;
e. records of internal audits, non-conformities which occurred and corrective actions taken; and
f. records of top management's periodic review of compliance with chain of custody requirements.

4.4.2 The organization shall maintain the records for a minimum period of three years unless stated otherwise by law.

4.5 Resource Management

4.5.1 Human Resources/Personnel

The organization shall ensure that all personnel performing work affecting the implementation and maintenance of the chain of custody shall be competent on the basis of appropriate training, education, skills and experience.

4.5.2 Technical Facilities

The organization shall identify, provide and maintain the infrastructure and technical facilities needed for effective implementation and maintenance of the organization's chain of custody to meet the requirements of this standard.

4.6 Inspection and Control

4.6.1 The organization shall conduct internal audits at intervals of no more than one year covering all requirements of this standard, and establish corrective and preventive measures if required.

4.6.2 The report from the internal audit shall be reviewed by the organization's top management at least annually.

SECTION 5 – OUTSOURCING AGREEMENTS

5.1 Outsourcing Agreements

Chain of custody certificate holders who outsource processing or manufacturing activities on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their SFI Chain-of-Custody certificate. Organizations shall work with the *SFI certification body* to demonstrate legal ownership of all input material to be included in outsourced processing.

APPENDIX 1: CALCULATION OF THE CERTIFICATION PERCENTAGE

(Informative)

DEFINITION OF THE PRODUCTION BATCH

The organization shall identify production batch(es) for which the certification percentage is calculated. The production batch shall be identified for specific products or groups of products. Only products that consist of the same or similar raw material can be included in one production batch.

Table 1: Example of chain of custody production batch definition

Output products	Input raw material	Chain of custody production batch	Units for credit account
Spruce lumber A	Spruce, Pine, Fir (SPF) sawlogs	Spruce, Pine, Fir (SPF) products	Tons of Spruce, Pine, Fir (SPF) sawlogs
Pine lumber B			
Fir lumber C			
Fir/Spruce/Pine (SPF) chips			
Alder lumber A	Alder sawlogs	Alder products	Tons of Alder sawlogs
Alder lumber B			
Alder lumber C			
Alder chips			
Alder/Pine/Spruce sawdust	Alder/Spruce/Pine sawlogs	Residue products	Tons of Alder/Spruce, Pine Fir (SPF) sawlogs
Alder/Pine/Spruce bark			

CALCULATION OF THE CERTIFICATION PERCENTAGE

The company can use two methods to calculate the certification percentage (simple percentage or rolling average percentage):

Simple Percentage

The certification percentage for the specific production batch is calculated from the material included in that specific production batch. As a result, the organization applying this method must know the percentage of *certified content* before any product from that production batch is sold or transferred.

Rolling Average Percentage

The rolling average percentage is obtained by using the quantity of raw material procured in the specified previous period. As a maximum, the rolling average can be applied over the last 12 months.

EXAMPLE OF A THREE-MONTH ROLLING AVERAGE

The certification percentage for the production batch is calculated from volumes of certified and other raw material procured during the previous three-month period (excluding the current production batch).

Note: When the organization starts the chain of custody and the time period used in rolling average calculation is longer than the time period the chain of custody has been in place, the calculation of the rolling average is carried out from the volumes procured since the chain of custody was established. An example is given in table 2: The first rolling average (month 1) is calculated only from volumes procured in month 1, the second rolling average (month 2) is calculated only from volumes procured in months 1 and 2.

Table 2: Example of a three-month rolling average

1	2	3	4	5	6
No of the 1- month calcul. period	Volume of certified raw material procured (tonnes)*	Volume of other raw material (tonnes)*	Sum of volumes of certified raw material for previous 3 months (tonnes)	Sum of volumes of other raw material for previous 3 months (tonnes)	3-month rolling average percentage
j=i	Vc	Vo	Vc(3)	Vo(3)	Pc(3)
			$Vc(3) = \sum_{j=i}^{i-2} Vc_i$	$Vo(3) = \sum_{j=i}^{i-2} Vo_i$	$Pc = \frac{Vc(3)}{Vc(3)+Vo(3)}$
1	11	90	11	90	10.89%
2	12	90	23	180	11.33%
3	13	90	36	270	11.76%
4	14	90	39	270	12.62%
5	15	90	42	270	13.46%
6	16	90	45	270	14.29%
7	17	90	48	270	15.09%
8	18	90	51	270	15.89%
9	19	90	54	270	16.67%
10	20	90	57	270	17.43%
11	21	90	60	270	18.18%

continues

* The volume figures given in the table above are only examples

Example of calculation given in table 2:

a. [column 4] Volume of certified raw material is calculated as sum of volumes of certified raw material procured in the previous 3 months.

$Vc(3)_6 = Vc_6 + Vc_5 + Vc_4$; $Vc(3)_6 = 16 + 15 + 14 =$ **45** [tonnes]

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

$Vo(3)_6 = Vo_6 + Vo_5 + Vo_4$; $Vo(3)_6 = 90 + 90 + 90 =$ **270** [tonnes]

c. [column 6] The rolling average percentage is calculated according to the formula of chapter 3.3.1: Pc = Vc / [Vc + Vo]

$Pc_6 = 100 * Vc(3)_6 / [Vc(3)_6 + Vo(3)_6]$; $Pc_6 = 100 * 45 / [45 + 270] =$ **14.29 %**]

Note: The production batch period does not need to be equal to the calculation period as long as it does not exceed the length of the calculation period.

VOLUME CREDIT ACCUMULATION

The organization can establish a volume credit account for the input raw material used in the specific production batch or for specific products of the production batch if 3.4.2.4 applies.

Table 3: example of volume credit accumulation (in tonnes)

1	2	3	4	5
Number of 1 month's production batch	Credit volume for the production batch	Credit account	Maximum credit account	Used credits
I		$= [3]_{i-1} - [5]_{i-1}+[2]_i$ condition: $[3]_i \leq [4]_i$	$\sum_{i}^{i-11} [2]$	
1	0	0	0	0
2	7.78	7.78	7.78	0
3	8.17	15.95	15.95	0
4	8.56	24.51	24.51	0
5	9.28	33.79	33.79	0
6	9.99	43.78	43.78	0
7	10.70	54.48	54.48	0
8	11.41	65.89	65.89	0
9	12.12	78.01	78.01	0
10	12.83	90.84	90.84	0
11	13.54	104.39	104.39	0
12	14.25	118.64	118.64	0
13	14.96	133.61	133.61	0
14	15.68	141.50	141.50	5
15	16.38	149.72	149.72	10
16	17.09	156.81	158.25	50
17	17.80	124.62	166.78	50
18	18.51	93.13	175.30	100

Example of calculation given in table 3 for the production batch of month 14:

d. [column 2] Includes volume credit calculated for 1 month production batch. (Values for months 1-11 are taken from table 2).

e. [column 3] Credit account is calculated as a result of the credit account in the previous month [column 3, month 14] minus volume credits used in the previous month [column 5, month 14] plus volume credit calculated for the current month [column 2, month 15].

$[3]_{14} - [5]_{14}+[2]_{15} = 141.50 – 5 + 16.38 = 152.88$ **[tonnes]**

Total quantity accumulated in the credit account cannot exceed volume credits entered into the volume credit in the previous twelve months [column 4 = 149.72] (chapter 3.4.2.4)

152.88 > 149.72, therefore credit account is **149.72** [tonnes]

f. [column 4] Maximum credit account is calculated as a sum of volume credits entered into the credit account during the last twelve months [column 2, month 4-15].

$[4] = [2]_4 + [2]_5 + [2]_6 + [2]_7 + [2]_8 + [2]_9 + [2]_{10} + [2]_{11} + [2]_{12} + [2]_{13} + [2]_{14} + [2]_{15} =$
$= 8.56+9.28+9.99+10.70+11.41+12.12+12.83+13.54+14.25+14.96+15.68+16.38 =$
$=$ **149.72 [tonnes]**

USE OF THE VOLUME CREDIT

The volume credit account shall be drawn down as certified sales are made. The number of volume credits removed from the account shall be based on the ratio of input/output volume for the specific products sold as certified. Table 4 shows an example of the draw down of the volume credit account for different product sales.

Table 4 – Example of draw down of the volume credit account for different product sales.

Credit account balance (raw material credits)	Product	Input/output ratio	Volume of certified sales	Reduction to credit account balance
200	A	1/1	20	20
180	B	4/1	40	160
20	C	2/1	10	20
0	–	–	–	–

APPENDIX 2: SFI CHAIN-OF-CUSTODY CERTIFICATE REQUIREMENTS

(Informative)

1. **Certificate Statement:** The X company or facility has been independently certified by Y, an *SFI certification body* accredited to perform *SFI* program chain-of-custody audits that conform to the *SFI Chain-of-Custody Standard.*

2. **Certificate Meaning:** The certificate holder has been independently certified by an *SFI certification body* accredited to perform SFI chain-of-custody audits to the, SFI Chain-of-Custody Standard, and has received a license from the SFI *Office of Label Use and Licensing* authorizing use of the SFI service marks.

   2.1 Certificate Content: All SFI chain-of-custody certificates shall have the following information, at a minimum, on the certificate:

   a. Chain of custody number: The numbering system will have a three-letter abbreviation of the *SFI certification body's* name, followed by "SFICOC", followed by the audit number. The audit number can be unique to the *SFI certification body*. (Example for certification body XYZ completing its 20th chain–of-custody audit: XYZ-SFICOC-0020).

   b. The SFI off-product logo service mark (see below) must be placed on the certificate.

   SUSTAINABLE FORESTRY INITIATIVE

   c. The logo of the accreditation firm (ANSI or SCC) for the *SFI certification body* conducting the chain of custody certification must be placed on the certificate.

3. **Eligible Entities:** Any company or facility that manufactures or distributes forest-based manufactured or printed products and wants to document that the material in the products was manufactured by a company certified to the SFI Standard is eligible to obtain an *SFI* program Chain-of-Custody Certificate (Except as provided for in the SFI Policy on *Illegal Logging* in Section 7 of the SFI requirements document).

4. **Application for SFI Label Use:** The certified company and/or the *SFI certification body* will inform the *Office of Label Use and Licensing* of a successful completion along with a copy of the chain of custody certificate

5. **Issuance of License and Certificate.**

   5.1. Issuance of License: The *Office of Label Use and Licensing* shall issue the license to use the SFI off-product marks to the applicant upon written confirmation of successful completion of the chain of custody audit.

   5.2. Certificate: The *SFI certification body* provides the written documentation of a successful completion of an audit.

6. **Availability of On-Product Label:** Holders of *SFI* program Chain-of-Custody Certificates may also qualify for use of an SFI on-product label and may receive authorization from the SFI *Office of Label Use and Licensing*.

APPENDIX 3: CRITERIA FOR THE EVALUATION OF CHAIN OF CUSTODY CERTIFICATION STANDARDS FOR USE IN THE SFI PROGRAM

OBJECTIVE

This appendix is intended to evaluate whether or not the standards have credible systems for tracking wood flows from SFI certified land bases. The intent is not to recognize or include other provisions on "controlled wood", "good wood" or any other forest management provisions.

CRITERIA

1. The standard contains elements which address scope, references and definitions.

2. The standard defines minimum requirements for the management system, including:
   - management and personnel responsibilities;
   - documentation of procedures for the chain of custody process covering all requirements of the standard;
   - record keeping; and
   - internal auditing.

3. The standard contains specific requirements for each chain of custody method allowed under the standard (physical separation, percentage based, volume credit, batch in/batch out, procurement system), including but not limited to:
   - supplier identification/verification or *origin* of wood flows;
   - inventory control and accounting of wood flows;
   - separation of material (if necessary); and
   - calculation of the certified percentage.

4. The standard is consistent with the requirements of national and international standards and conformity assessment forums such as International Organization of Standardization (ISO) or the International Accreditation Forum.

5. The standard requires the use of certification bodies accredited by ANSI, Standards Council of Canada, or an equivalent body recognized by the International Accreditation Forum to conduct a Chain of Custody (CoC) Conformity Assessment based on ISO/IEC Guide 65:1996.