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**Enabling
Sustainability**

KEY CHANGES TO DRAFT AS 4707: 202X CHAIN OF CUSTODY FOREST AND WOOD-BASED PRODUCTS WHEN COMPARED WITH AS 4707:2014

This document describes the key changes made in the draft AS 4707:202X when compared with the 2014 version of AS 4707.

Relevant changes are listed below.

1. Scope

Due to the extension of scope of PEFC forest management certification to include trees outside forests (e.g. “Agroforestry”), the scope of the chain of custody standard also reflects this change.

2. Normative References

References to the fundamental ILO requirements have been included.

3. Terms and Definitions

Authorised body

New term and definition added to provide clarity.

Certified content

New term and definition added to provide clarity.

Complaint

New term and definition added to provide clarity.

Controlled sources

Added as addition material category of material for which the DDS has been implemented to establish negligible risk that material is from “controversial sources” and for which the claim “Controlled Sources” may be used.

Controversial sources

The definition of “controversial sources” was extended from covering mainly legal compliance as well as conflict timber, material from uncertified conversions and GMOs, to address additional issues beyond legality, related to sustainability of production and harvest levels; biodiversity; ecologically important forest areas; fundamental principles and rights at work; and rights of indigenous peoples.

An informative note has been added to clarify that plantation forests in most circumstances are considered non-controversial.

Credit method

For clarity the credit method is now considered a separate a chain of custody method next to physical separation and percentage-based method and therefore a definition was added.

Due Diligence System

Note added to provide clarity.

Ecologically important forest areas

Definition from the PEFC Standard for Sustainable Forest Management has been added to provide clarity.

Equivalent input material

This definition was added to give more guidance which input material can be used in the same product group than under current standard, where it reads “*The product group shall be associated with (i) a single product type or (ii) a group of products, which consist of the same or similar input material according to, for example species, sort, etc.*”.

Forest conversion

Definition from PEFC SFM benchmark standard added to provide clarity.

Genetically modified trees

Definition from PEFC SFM benchmark standard added to provide clarity.

Multi-site organisation

Definition added to provide clarity.

Organisation

The definition of this term was updated to reflect the new definition of this term in revised PEFC benchmark standards, where the definition was aligned with ISO. An additional note was added in order to specify the meaning of this term in the context of this standard.

Other material

Definition updated to provide clarity.

Outsourcing

Definition added to provide more clarity what is covered by the term, and that it only refers to CoC related activities in the context of this standard.

A note on transportation, (un-), loading and warehousing of materials/products was added for clarification that these activities are generally not considered outsourcing.

Percentage method

A definition was added.

Physical separation

Minor rewording for clarity and removal of now unnecessary note.

Product group

The previous term “product group” was replaced by this more specific term and defining characteristics were added in the definition.

Note 3 was added to highlight that product groups under this revised standard may cover several sites under multi-site certification (other than producer group certification), as the limitation to a single site was removed from the chapter on CoC methods. “Type of species” was changed to “Type(s) of species” to clarify that more than a single species may be covered by a PEFC product group.

Recognised certificate

A note covering participants/sites in group/multi-site certification in both forest.

Rolling percentage

Minor rewording to clarify.

Substantiated concern

Definition added to provide more clarity.

Supplier

Minor rewording and additional note for clarification.

Trees outside Forests (ToF)

Definition from SFM benchmark standard added for clarification.

4. Management System Requirements

Due to its fundamental role in CoC certification and its applicability to all users of the standard this chapter was moved to the beginning of the standard.

General requirements

Clarification added that outsourced activities are covered by an organisation's management system.

Scope of an organisation's PEFC CoC and PEFC product groups need to be defined.

Requirement added for clarity that an organisation shall only make correct claims covered by the scope of its CoC.

Documented procedures

Slightly changed numbering.

Procedures for outsourcing added.

General responsibilities

Deletion of requirement for regular review due to redundancy (covered by inspection and control)

Responsibilities and authorities for chain of custody

Added reference to procedures and removal of now redundant wording.

Record keeping

The requirement that copies of certificates are kept was replaced with a requirement for "evidence of certified status" together with a clarifying note.

Inspection and control

Added clarification on scope, i.e. requirements applicable to the organisation and outsourced activities.

Requirement added that internal audit shall be conducted prior to initial certification audit.

Complaints

New requirement that complaints received in writing are to be formally acknowledged within ten workdays.

Nonconformity and corrective action

A whole new clause on nonconformity and corrective action was added.

Wording added clarifying that this clause refers to nonconformities identified in internal and external auditing.

Outsourcing

The chapter on “Subcontracting” was renamed “outsourcing”.

The wording and structure of requirements was revised for better clarity, but no major changes to the content were made.

Social, health and safety requirements in Chain of Custody

The social, health and safety requirements were integrated in the chapter for management system requirements but remain unchanged otherwise.

Identification of inputs and declaration of outputs

The two separate chapters on “identification at delivery (incoming) level” and on “sale and communication on claimed products” were combined in a single chapter.

- **Identification of input material**

Specification of organisation by supplier as customer, claim and certificate code only required for input delivered with a PEFC claim.

“Certificate code of PEFC recognised certificate” instead of “identifier of etc.” and removal of notes on “formal claim”, “certificate identifier” and “delivery documentation”.

- **Identification at supplier level**

Instead of copy/access to certificate, now verification of supplier's certified status on the PEFC website required.

Classification of material according to "material categories" required, without individually listing all material categories (neutral, other, certified, controlled source).

Declaration of outputs

Removal of requirement that "document associated with the delivery" is issued to a single customer.

Trademark use

The term "trademark" is used instead of "logos and labels".

Content of recycled material

Requirement that organisation informs customers on recycled content on request specified in Appendix 1 of AS 4707:2014 now moved to this clause.

Chain of custody methods

- **General**

Three CoC methods (physical separation, percentage, credit) as percentage method and credit method are defined as separate CoC methods instead of different methods of transfer of calculated percentage to outputs under the percentage method.

Requirements for the definition of the product group previously under percentage method are now integrated in general requirements for all CoC methods.

The defined term "equivalent input material" is used instead of "(i) a single product type or (ii) a group of products, which consist of the same or similar input material according to, for example species, sort, etc."

Requirement to excluded material potentially from "controversial sources".

- **Physical separation method**

Removal of suggestion that companies not mixing material categories "should use the physical separation method as the preferred option." Means of separation are now explained in a note.

New requirement and additional example, clarifying that material with different certified content may be combined under the physical separation method.

New requirement clarifying that certified material and controlled material are combined in same product group under the physical separation method, then the output claim is “Controlled Sources”.

- **Percentage method**

Previous “simple percentage” calculation method and “average percentage” transfer method are now combined and just called “percentage method”, with “rolling percentage” being specified as option under it.

- **Calculation of certified content**

Use of defined term “certified content”.

“Certified content”/”Cc” is used instead of “Certification percentage”/”Pc”; “Volume of certified material” instead of “Volume of certified material”; “Volume of controlled material”/”Vcm” instead of “Volume of other material”/”Vo”; Note is simplified.

Rolling percentage is now option under percentage method, instead of being a calculation option next to the simple percentage (which is now the default).

- **Credit method**

The credit method is now specified as separate CoC method, instead as method of transferring a calculated percentage to outputs.

Due Diligence System (DDS) requirements

This chapter was added in addition to the complete DDS in Appendix A, with the intent to highlight that for product groups where organisations are only using material that came with claims from certified suppliers, the DDS requirements can be easily and without having to open the whole Appendix A.

Appendix A: Due Diligence System (DDS) for the Avoidance of Material from Controversial Sources

- **General requirements**

Slightly re-worded

Deletion of exemption for CITES material. Added note clarifying scope of DDS.

Material from countries covered by EU, UN or other governmental ban, conflict timber, material from conversions and GMOs are still considered controversial sources, but instead of listing them separately as material which shall not be included under general requirements, they are now considered like all other elements of controversial sources and are addressed through a risk assessment using indicators in tables 1-3.

- **Access to information**

Changed from “gathering of information” to “Access to information” to better reflect requirements.

New requirement ensuring “access to information” from organisations certified against this standard up the supply chain.

- **Risk assessment**

Clarification added that for material delivered with a claim no additional risk assessment needs to be carried out.

Added for clarification how risk assessment is conducted.

Table 1: List of indicators for negligible risk

All indicators are now numbered (a-d) for better reference.

Indicator for material delivered with “a certified claim” was removed, as for such material a risk assessment is not required to determine “negligible risk”.

This indicator is now proposed to be only applicable for material originating from countries with TI CPI score >50, and World Justice Project (WJP) Rule of Law Index score >0.5.

Table 2: List of indicators for significant risk at origin level

All elements of the “controversial sources” definition are now included in the table as rows a) to i), with corresponding indicators for high risk concerning these elements underneath.

Indicators for controversial sources element a), i-iv: These are the indicators for high risk concerning “legality” taken directly from the previous table 2, and an UN, EU etc. ban was added as another indicator.

World Justice Project (WJP) Rule of Law Index score >0.5 added as indicator.

Indicator for controversial sources element b): Latest FAO or other data on harvest vs. growing stock.

Indicator for controversial sources elements c) and d): Environmental Performance Index (EPI) score for “Biodiversity & Habitat”, *or legislation addressing these elements*.

Indicator for controversial sources element e): Net loss of forest area and increase of forest plantations compared to forests according to public data such as FAO. *Instead of data of the last five years now data of the last ten years is referred to.*

Indicator for controversial sources element f): *Substantiated studies indicating that ILO Declaration on Fundamental Principles and Rights at Work (1998) is not respected in the country.*

Indicator for controversial sources element g): Studies indicating that “spirit” of UNDRIP is not met. *FPIC removed as redundant.*

Indicator for controversial sources element h): Ongoing armed conflicts according to publicly available data.

Indicator for controversial sources element i): Production and sale of GMOs according to publicly available data.

Table 3: List of indicators for significant risk at origin level

“Actors and steps in the supply chain are unknown” was removed as indicator. Otherwise, table remains unchanged.

Substantiated concerns

Note to 4.1 was removed, as “substantiated concerns” is now a defined term.

Start of investigation required within ten workdays.

Management of significant risk supplies

No major changes

No placement on the market

This is now a separate clause in this appendix.

The Standard requires that where an organisation knows or it has received substantiated concerns that material outside its CoC is from illegal sources, that it is also not placed on the market.