

Policy for Alternative Volume Reconciliation (VR2)

The Content Claim Standard (CCS) relies on batch-level segregation¹ of certified products, for both 100% certified content and blended products. Textile Exchange recognizes that this model may not be implementable for sites that run continuous production processes² with reclaimed or recycled material inputs and are unable to maintain batch level segregation. These sites are typically first processors in the textile supply chain. The inclusion of these first processors in textile supply chains presents an opportunity for meaningful positive impacts in the industry since due to their processing of larger product volumes.

This policy details the eligibility criteria and requirements for the use of alternative volume reconciliation (VR2) by organizations that meet eligibility criteria. VR2 criteria provide an option for mass balance credit accounting at the level of an individual site.

This policy is effective April 1st, 2022. All audits and assessments conducted on or after April 1st, 2022 shall be conducted using the *CCS-105 Policy for Alternative Volume Reconciliation (VR2)* version 3.0.

NOTE: V3.0 is the earliest version of this document to align with CCS V3.0.

Section A - Site Criteria

A1. Eligibility

A1.1 The site and applicable product(s) shall only use alternative volume reconciliation criteria if the following are met:

A1.1.1 The resulting certified product is intended for the textile sector, even if it also has other possible uses;

¹ In batch manufacturing, the raw materials are placed into the manufacturing system at the beginning of the process, and the product is discharged from the system all at once sometime later. No ingredients cross the system boundaries between the time the raw materials are placed into the system and the time the product is discharged from the system.

² In continuous production, the raw materials are continuously fed into the manufacturing system, while finished chemicals are removed to create room. It is not possible to determine whether the exact molecules that went into the process came out of the process due to continuous homogeneous mixing.

- A1.1.2** The recycling method employed is depolymerization through glycolysis, methanolysis, and hydrolysis;

NOTE: Gasification and pyrolysis depolymerization are excluded from the VR2 option.

- A1.1.3** The claimed input materials are physically used to make the final product (i.e. claimed input materials are not used as catalysts and/or for energy);
- A1.1.4** The processor works on a continuous production basis;
- A1.1.5** Processing steps are limited to chemical recycling (PR0004) and/or PR0024 (pulp making), otherwise prior approval is required from Textile Exchange via Assurance@TextileExchange.org;
- A1.1.6** The site does not outsource processing activities or act as a subcontractor;
- A1.1.7** The *primary standard* is **not** one of the following Textile Exchange standards: Organic Content Standard (OCS), Responsible Down Standard (RDS), or Responsible Animal Fiber (RAF) standards (Responsible Wool Standard (RWS), Responsible Mohair Standard (RMS), Responsible Alpaca Standard (RAS)); and,
- A1.1.8** Textile Exchange reserves the right to limit access to alternative volume reconciliation based upon its own risk assessment.

- A1.2** The organization shall be certified using [CCS-101-V3.0 Content Claim Standard](#) (CCS 3.0), or newer. The following criteria of the CCS 3.0 shall not apply: C3.3-C3.8, D3 Material Handling and Processing, and D4 Blending and Mixing, as they are replaced by the criteria in this policy.

A2. Alternative Volume Reconciliation Criteria

- A2.1** A VR2 credit account shall be established at the individual site level.
- A2.2** The organization shall define the input and output materials for use in the VR2 credit account.
 - A2.2.1** The input materials shall include one or more claimed input materials and one or more non-claimed input materials which can be used in variable quantities to produce the same output product.

A2.2.2 If the final output product is composed of two or more distinct components (e.g. a synthetic component and a cellulosic component), claims based on alternative volume reconciliation shall be made at the component level. Claims may be made for more than one component.

A2.3 The organization shall define the unit of measurement that is used for the VR2 credit account which is consistent with input/output measurements normally utilized for volume records at the site.

A2.4 The organization shall define the conversion factor(s) applied to the claimed material input volume to calculate credit added to the VR2 credit account.

NOTE: Conversion factors may be calculated per input batch or lot received, pre volume reconciliation period, or for a different but specified period of time.

A2.4.1 Differences in conversion factors between claimed and non-claimed input materials shall be considered.

A2.5 The organization shall define the volume reconciliation period, which shall not be longer than three months.

A2.6 The organization shall update the VR2 credit account when applying for transaction certificates and in preparation for annual audits.

A2.7 The organization shall include the following in the VR2 credit account:

A2.7.1 Records of credits added, conversion factor applied, credits deducted, credits expired, and remaining balance for each volume reconciliation period; and

A2.7.2 Separate calculations for different input materials (e.g. post-consumer and pre-consumer inputs), if applicable.

A2.8 The organization shall deduct credits from the VR2 credit account sufficient to cover the volume of outgoing batches or lots of material that carry the VR2 claim on the transaction certificate. Where the VR2 claim is only applicable for a component of the output, this shall be clearly specified for the component volume on the transaction certificate under Box 10a (Certified Components) of *ASR-205-V3.0 Template for Transaction Certificate*.

A2.9 Credits added to the VR2 credit account shall not be more than the volume of claimed inputs received with the applicable conversion factor applied.

A2.10 The alternative volume reconciliation accounting record shall not have a negative balance at any time.

- A2.11** The volume of credits in the account shall not exceed the total volume of converted inputs applied over the previous 12-month period on a rolling basis. Excess credits totaling more than the prior 12 months (365 days) shall be considered expired and be deducted from the total volume.
- A2.12** The organization shall maintain records to demonstrate that the same claimed input volumes are not applied to multiple output claim categories (e.g. claimed as part of Textile Exchange's CCS and also claimed as part of another internal or external certification scheme/standard).

A3. Supply Chain

- A3.1** Certified organizations that receive an input transaction certificate showing VR2 material (see B3.1) shall track and claim products following the standard requirements of the CCS. These materials shall be tracked separately from similar materials (e.g. Global Recycled Standard (GRS) or Recycled Claim Standard (RCS) material which is not VR2 material).
- A3.2** Blending and mixing of VR2 and non-VR2 claimed input materials is permitted at sites which are not conducting alternative volume reconciliation, though each material shall be tracked separately for the purpose of transaction certificates and claims.
- A3.3** Outgoing transaction certificates shall be issued as specified in B3.

NOTE: Supply chain organizations and their certification bodies should contact Assurance@TextileExchange.org with any questions regarding VR2 material.

A4. Claims

- A4.1** GRS or RCS product-related claims, including logo use, shall not be made on VR2 material.
- A4.2** Where VR2 material is mixed with non-VR2 material, the VR2 material cannot be claimed as part of an overall product-related claim.

NOTE: Product-related claims, including logo use, about non-VR2 GRS or RCS certified material in a product may be made, subject to conformity with the [TE-301 Standards Claims Policy](#) and the [TE-302 Standards Logo Use Specifications](#).

NOTE: Recycled claims not referencing the GRS or RCS may be made where they are legally allowed.

A4.3 Organizations certified to VR2 may make non-product-related claims about their certification status upon approval by their certification body. Claims about VR2 material are limited to the following statement and may include the GRS or RCS logo, subject to conformity with the [TE-301 Standards Claims Policy](#) and the [TE-302 Standards Logo Use Specifications](#).

NOTE: Prior approval from the certification body is required for all assured claims as per the [TE-301 Standards Claims Policy](#), including those outlined below.

A4.3.1 [We are/Organization Name is] certified to the [GRS/RCS] under [site-level mass balance/alternative volume reconciliation]. Materials with this designation (VR2) do not qualify for product labeling with reference to the standard.

A4.3.2 **Additional allowed statement** (*may only be used alongside the above*): X% of our [material type] comes from sources (independently) certified to the [RCS/GRS].

Section B - Certification Body Requirements

B1. Certification Body Eligibility

- B1.1** In order to evaluate alternative volume reconciliation, the auditor and certification decision-maker shall have previously audited a mass balance standard or completed an approved training from Textile Exchange.
- B1.2** The certification body shall obtain approval from Textile Exchange via Assurance@TextileExchange.org prior to conducting audits or other certification activities using alternative volume reconciliation.
- B1.3** The certification body shall request and receive approval from Textile Exchange for all organizations that apply for alternative volume reconciliation prior to scheduling the audit (see B1.2).

B2. Auditing Requirements

- B2.1** Auditing shall be conducted based on the CCS 3.0 and applicable supplementary requirements, except as allowed by A1.2.
- B2.2** Auditing on a sampling basis is not allowed; the certification body shall audit each site which is applying alternative volume reconciliation on-site annually.

B3. Scope and Transaction Certificates

- B3.1** Raw material codes identified as VR2 shall be used for all raw materials which have used alternative volume reconciliation at one or more sites in the supply chain, see [ASR-213 Materials, Processes, & Products Classification](#). All subsequent transaction certificates shall continue to use these material codes if it is present on the input transaction certificate materials.
- B3.2** For sites applying alternative volume reconciliation, transaction certificates may be issued for VR2 material which is shipped and sold on or after the date when the scope certificate is issued.