GUIDANCE
CREDIT ACCOUNT AND MASS BALANCE CHANGES
For members following the UTZ Chain of Custody Standard

Version 1.2 May 2017
1. **What is a credit account?**

A credit account is an overview of the total annual volume purchased and sold of UTZ certified products traded in the UTZ traceability system the Good Inside Portal (GIP) and of UTZ certified products traded outside the GIP. It only concerns cocoa volumes at the UTZ Mass Balance (MB)\(^1\) traceability level. This overview ensures the traceability of UTZ certified products for members who do not trade exclusively in the Good Inside Portal, and ensures that cocoa content of the UTZ products claimed is not higher than the cocoa content of the UTZ products purchased.

2. **Who needs to maintain a credit account?**

Supply chain actors (SCA) who buy and sell non-pure UTZ cocoa products\(^2\) either business to business (B2B) or business to consumer (B2C) must maintain a credit account (see control points (CPs) 18 and 19 of our Chain of Custody Standard v1.1\(^3\)).

3. **Who does not need to maintain a credit account?**

Supply chain actors purchasing only UTZ certified product for their entire production (100%) and who are able to provide evidence of this do not need to maintain a credit account (CP 19).

4. **What should be included in a credit account?**

*NB: UTZ recommends to keep volumes in kg/metric tons, as in the UTZ traceability system*

**Overview of inputs of cocoa products purchased as UTZ:**
- The balance of UTZ volumes (per product) remaining from the previous year or calculation period;
- The volume of UTZ product purchased (per product);
- For non-pure cocoa products, the cocoa content (kg or Metric Tons) in UTZ non-pure product purchased;

**Overview of outputs of cocoa products sold and claimed as UTZ:**
- Per output product, what are the cocoa ingredients
- Per output product, what is the quantity sold;
- Per output product, the total volume of each cocoa ingredient
- The aggregated volume of each cocoa ingredient used for all output products

**The balance of inputs versus outputs**
- Per cocoa ingredient, the aggregated volume of input minus the aggregated volume used in output products. Please note the balance of some ingredients can end up being negative. This can be compensated via credit transfer (see rules below) or planned deliveries, see next point.

To facilitate the process for your organization and/or for your certification audit, the credit account can also include:
- Purchase/delivery dates, sales dates;
- Shipment references (order number, invoice number, etc.);
- GIP transaction IDs corresponding to each purchase of pure UTZ certified product;
- If applicable, GIP trace ID numbers

For more information, see Annex II

---

\(^1\) For more information please see this [video](#)

\(^2\) Product containing cocoa as well as one or more non-cocoa ingredient or product, e.g. chocolate. Non-pure cocoa products are not traded in the GIP.

\(^3\) The Chain of Custody Standard can be downloaded [here](#)
5. **What if a credit account is negative?**
If the balance of a credit account is negative at any given time, the supply chain actor should be able to show proof of expected delivery of enough UTZ product within 2 months to compensate for this negative balance (see control point 20 of our Chain of Custody Standard v1.1*).

6. **UTZ rules on credit exchange**

   **a. Rules until July 1st 2016**
Until July 1st 2016, the Mass Balance traceability level allows members to transfer, exchange, or compensate UTZ credits between different cocoa products, both in a forwards and backwards direction of the processing of cocoa, as per illustration below:

---

* The Chain of Custody Standard can be downloaded [here](#).

---

www.utz.org
b. Rules as of July 1\textsuperscript{st} 2016

As of July 1\textsuperscript{st} 2016, it will only be possible to transfer credits in a “forward” direction (direction of physical cocoa processing). This implies that the credit transfer between cocoa butter and powder is no longer allowed. Cocoa liquor credits can be transferred to cocoa butter or to cocoa powder at a 1:1 ratio and credits from pure cocoa product can be transferred to non-pure cocoa products, also at a 1:1 ratio (based on cocoa content of the non-pure product).

When purchasing a semi-finished (non-pure) product you only need to know what the total cocoa content of this product is by summing up all different pure cocoa ingredients. What kind of pure cocoa products (e.g. butter or powder) this semi-finished product does contain is in this case not relevant.

Example I: Company A buys 100 kg of UTZ cocoa powder and a conventional semi-finished product containing cocoa butter. In this case it is allowed to transfer the UTZ powder credits to the purchased semi-finished product and sell it onwards as UTZ. When purchasing a semi-finished product we do not look at what specific cocoa ingredients it contains but at its total cocoa content.

Example II: Company B buys 100 kg of UTZ semi-finished product with a total cocoa content of 30 kg. The company also buys conventional cocoa powder for their chocolate bar production. In this case it is not allowed to transfer the UTZ cocoa credits from the purchased semi-finished product to the cocoa powder and sell the chocolate bar as UTZ certified, as this would mean a backward credit transfer.

Example III: Company C buys 100 kg of UTZ cocoa butter. The company also buys conventional cocoa powder for their chocolate bar production. In this case it is not allowed to transfer the UTZ cocoa butter credits to the cocoa powder and sell the chocolate bar as UTZ certified. A credit transfer between cocoa butter and powder is no longer possible.

c. Exception to the rule from July 1\textsuperscript{st} 2016

Since July 1\textsuperscript{st} 2016 an exception can apply if companies purchase pure cocoa products and semi-finished cocoa products as ingredients for use in the same product/SKU. In this case, credits from UTZ semi-finished cocoa products can be transferred to conventional volumes of pure cocoa used for that product. This exception only applies to the product(s)/SKU(s) that contain both pure and non-pure ingredients; if the company manufactures some other products that use only pure cocoa ingredients, the exception does not apply to the pure cocoa ingredient used in this product.
**Example:** A manufacturer produces chocolate truffles composed mainly of couverture, but which contains a small amount of powder. They can purchase UTZ couverture chocolate and a small amount of conventional cocoa powder; credits from extra purchased volume of UTZ couverture chocolate can be used to cover the cocoa powder content of the truffle. If the same manufacturer also produces another UTZ product that uses only cocoa powder, this powder must be purchased as UTZ and cannot be compensated with credits from semi-finished UTZ cocoa products purchased (such as couverture).

When entering these volumes in the credit account, the volume of the pure cocoa product used can be calculated as part of the balance of semi-finished cocoa products.

### 7. Credit accounts and multi-site operations

In case the SCA is a Multi-Site (several sites that have one central administration and are certified under one account\(^5\)) it is allowed to transfer credits between sites. In such a case the credit account including the input and output of all the sites should be kept at the central administration.

---

8. **New conversion ratio for cocoa liquor processing as of 1st of January 2018**

The current conversion of 1:1 (e.g. 100 MT of cocoa liquor is converted into 100 MT of cocoa butter, or 100 MT of cocoa powder), will be changed to a ratio of 1:0.5:0.5 as of January 1\(^{st}\) 2018, meaning that 100 MT of cocoa liquor will be converted into an equal amount of 50 MT cocoa butter and 50 MT cocoa powder.

As of January 1\(^{st}\) 2018 all conversions of cocoa liquor made in the GIP will automatically take the new conversion ratio into account, including conversion of volumes purchased or in stock in GIP before January 1\(^{st}\) 2018. **Please note:** The new conversion rule does not take into account when the UTZ liquor has been purchased, physically received and/or received or confirmed in GIP. The new conversion ratio will apply in any case as of 1 January 2018 when clicking “convert” for mass balance cocoa liquor in your Trading & Stock in GIP.

---

\(^5\) For more information see [Certification Protocol] page 23.
9. Equivalent terms
In some situations, it may be convenient to calculate all input and output credits in equivalent terms. In the table below you can see what ratio to use to make the calculations.
It may be that no conversion is necessary if your company only purchases UTZ chocolate in bulk/semi-finished cocoa products: cocoa output volumes are represented as chocolate in bulk, as are the cocoa input volumes, based on the cocoa content of the semi-finished cocoa product.

10. Overview of the UTZ conversion scenarios and ratios now and as of 2018:

<table>
<thead>
<tr>
<th>Conversion scenario for credit accounts</th>
<th>Until June 30th 2016</th>
<th>From July 1st 2016 and until December 31st 2017</th>
<th>From January 1st 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beans to Liquor</td>
<td>0.82</td>
<td>0.82</td>
<td>0.82</td>
</tr>
<tr>
<td>Liquor to Beans</td>
<td>1.22</td>
<td>Not allowed</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Liquor to Butter or Powder</td>
<td>1:1</td>
<td>1:1</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Liquor to Butter and Powder</td>
<td>n.a</td>
<td>n.a</td>
<td>1:0.5</td>
</tr>
<tr>
<td>Powder or Butter to Beans</td>
<td>1.22</td>
<td>Not allowed</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Powder or Butter to Liquor</td>
<td>1:1</td>
<td>Not allowed</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Butter to Powder</td>
<td>1:1</td>
<td>Not allowed</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Powder to Butter</td>
<td>1:1</td>
<td>Not allowed</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Liquor to Butter Full Premium</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Liquor to Powder Full Premium</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Non-pure cocoa products (e.g. bulk chocolate, chocolate chips) Based on the % of cocoa content</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquor to non-pure cocoa product (cocoa content)</td>
<td>1:1</td>
<td>1:1</td>
<td>1:1</td>
</tr>
<tr>
<td>Powder to non-pure cocoa product (cocoa content)</td>
<td>1:1</td>
<td>1:1</td>
<td>1:1</td>
</tr>
<tr>
<td>Butter to non-pure cocoa product (cocoa content)</td>
<td>1:1</td>
<td>1:1</td>
<td>1:1</td>
</tr>
<tr>
<td>Non-pure cocoa product (cocoa content) to Butter</td>
<td>1:1</td>
<td>Not allowed</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Non-pure cocoa product (cocoa content) to Powder</td>
<td>1:1</td>
<td>Not allowed</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Non-pure cocoa product (cocoa content) to Liquor</td>
<td>1:1</td>
<td>Not allowed</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Non-pure cocoa product (cocoa content) to Non-pure cocoa product (cocoa content)</td>
<td>1:1</td>
<td>1:1</td>
<td>1:1</td>
</tr>
</tbody>
</table>

For more information about the full premium products see Annex I.

For purchased semi-finished cocoa products you do not need to know which kind of pure cocoa ingredients are in the product but what the total cocoa content of the product is - summing up all different pure cocoa ingredients.

In case you produce semi-finished products, please read section b. of this document for further details on credit transfer.
11. Help and Support

If you have remaining questions about your credit account or about the UTZ cocoa program, please contact membersupport@utz.org.
Annex I

Cocoa butter Full Premium and cocoa powder Full Premium

Since October 1st 2015, two new cocoa products are available in the GIP:
- Cocoa Butter Full Premium
- Cocoa Powder Full Premium

The products have a different name for two reasons:
1. To distinguish them throughout the supply chain from the “regular” cocoa butter and cocoa powder obtained using the 1:1 ratio.
2. These new products differ from the existing cocoa butter and cocoa powder products due to the conversion ratio used from cocoa liquor to obtain them. Instead of using the 1:1 conversion ratio (100 MT cocoa liquor = 100 MT cocoa butter or 100 MT cocoa powder), the Full Premium products are obtained using a 1:0.5 ratio, as in 100 MT cocoa liquor = 50 MT cocoa butter Full Premium, or 50 MT cocoa powder Full Premium. The remaining 50 MT of the output product (butter or powder depending on the conversion chosen) is removed from the system. In this way no claim can be made on the removed product (the physical volume of the removed by-product is sold further as conventional). In the example below, the UTZ premium on the butter Full Premium is calculated from/on the full amount of beans used to obtain the butter, 244 MT, see illustration (the reverse scenario for powder only: output = 100 MT Powder and 0 MT butter, is also available):

If your organization is processing or buying these products, due to the different conversion ratio used, different calculations to cocoa liquor or cocoa bean equivalent also apply, so they have to be entered separately in the credit account.

<table>
<thead>
<tr>
<th>Conversion scenario for credit accounts</th>
<th>Until June 30th 2016</th>
<th>From July 1st 2016 and until December 31st 2017</th>
<th>From January 1st 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquor to Butter Full Premium*</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Liquor to Powder Full Premium*</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

If you have questions or want to trade these products, please contact us at membersupport@utz.org.
## Annex II

### Elements of a credit account

The following table lists and explains the elements of a credit account included in the example.

<table>
<thead>
<tr>
<th>Element</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Input</strong></td>
<td></td>
</tr>
<tr>
<td>The balance of UTZ volumes (per product) remaining from the previous year – if any;</td>
<td>Include any positive or negative UTZ balance per product remaining from the previous year or calculation period.</td>
</tr>
<tr>
<td>The volume of UTZ product purchased (per product);</td>
<td>Enter volumes of UTZ pure cocoa products (cocoa beans, liquor, butter, and powder) and the name and volume of UTZ non-pure cocoa products purchased.</td>
</tr>
<tr>
<td>For non-pure cocoa products, the cocoa content (kg or MT) in UTZ non-pure product purchased;</td>
<td>If the product is a non-pure product, make a calculation of the cocoa content of that product. Example: The total cocoa content of 100 kg of chocolate couverture with 50% cocoa content is 50 kg.</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td></td>
</tr>
<tr>
<td>Per output product, what are the cocoa ingredients</td>
<td>Were cocoa liquor, cocoa butter, cocoa powder and/or any non-pure cocoa products used in the output product?</td>
</tr>
<tr>
<td>Per output product, what is the quantity sold;</td>
<td>How many output products have been sold and claimed as UTZ?</td>
</tr>
<tr>
<td>Per output product, the total volume of each cocoa ingredient</td>
<td>What was the volume of cocoa liquor, cocoa butter, cocoa powder and/or any non-pure cocoa products used in the output product? Ex: the output product is chocolate and UTZ cocoa butter has been used as an input. 10 000 chocolate bars were sold as UTZ, for which 300 kg of UTZ cocoa butter were needed.</td>
</tr>
<tr>
<td>The aggregated volume of each cocoa ingredient used for all output products</td>
<td>After calculating the total volume of each cocoa ingredient per output product, aggregate the volume for all output products. Ex: the outputs product is a compound for which 500 kg of cocoa butter are used and a chocolate for which 400 kg of cocoa butter are used. The aggregated volume that should appear in your credit account is 900 kg.</td>
</tr>
<tr>
<td><strong>Balance</strong></td>
<td></td>
</tr>
<tr>
<td>Per cocoa ingredient, the aggregated volume of input minus the aggregated volume used in output products</td>
<td>Input minus output of each pure cocoa product and cocoa content of non-pure cocoa products. Ex: input of cocoa butter is 800 kg and output is 900 kg, the balance is -100 kg. In this case, please refer to points 5 and 6.</td>
</tr>
<tr>
<td><strong>Optional elements (facilitate verification of credit account)</strong></td>
<td></td>
</tr>
<tr>
<td>Purchase/delivery dates, sales dates</td>
<td>e.g. a date</td>
</tr>
<tr>
<td>Shipment references</td>
<td>e.g. order number, customer number, etc.</td>
</tr>
<tr>
<td>GIP transaction IDs</td>
<td>Any transaction performed in the GIP generates a unique ID number. All inputs of pure cocoa products should have a matching GIP transaction ID.</td>
</tr>
<tr>
<td>Traceability number corresponding to product traced</td>
<td>Any Tracing activity performed in the GIP generates a unique traceability number. There should be a match between the volumes of pure products used for production of non-pure products indicated in the credit account with the volumes traced in the GIP.</td>
</tr>
</tbody>
</table>
Annex III

Frequently asked questions

Rule change as of 1st of July 2016

1. Can I transfer UTZ cocoa powder credits to a purchased conventional semi-finished product, which contains butter and liquor?

Yes, it is allowed to transfer any UTZ pure cocoa credits (liquor, butter, powder) at a 1:1 conversion ratio to a purchased conventional semi-finished product, despite of which pure cocoa ingredients the semi-finished product contains.

If you however manufacture the semi-finished product yourself using pure cocoa ingredients, you will need to make sure to have enough UTZ credits that you can transfer to the pure cocoa ingredients you use (taking into account that only a forward credit transfer is possible). Otherwise you will not be able to sell the manufactured product as UTZ certified.

2. Can I still sum up all UTZ cocoa credits that I purchased and sold in my credit account?

No, this is no longer possible. You need to make sure to keep the UTZ credits per cocoa product (input and output) listed separately from each other in your credit account. The credit account needs to show what specific cocoa product you have purchased as UTZ and to which specific cocoa product you have transferred the UTZ credits, showing that only a forward credit transfer took place.

Rule change as of 1st of January 2018

1. I made a contract in 2017 with my supplier but received the product in a transaction in the GIP only in 2018. Can I still apply the old conversion ratio?

No, if you receive the volume in GIP in 2018 and click on "convert", the new conversion ratio will apply despite the date when the contract was made with your supplier or when you received the physical shipment.

2. Can we buy UTZ cocoa liquor volume ahead to minimize the impact of this change, are there any restrictions on time and volume?

Yes, it is allowed to purchase volume ahead and there are no time and volume restrictions about this.

Important: The date of purchase is not relevant in this context. However, in order to be able to apply the current conversion ratio the date of delivery (meaning when you receive the volume of UTZ liquor in GIP) and when you click on "convert" needs to take place still in 2017.

You can make a purchase from your supplier still in 2017 but this could mean that you receive the volume in reality and in your GIP account only in 2018. The new conversion ratio will then apply when clicking on "convert". Please discuss this with your supplier and take the timing of delivery and receiving the volume in your GIP account into consideration.

3. Is it allowed to convert in GIP all cocoa liquor to butter in December 2017?

Yes, this is still according to the mass balance rules valid in 2017. As of 1st of January 2018, when converting the cocoa liquor in GIP, it will be automatically split into cocoa butter and powder.

4. In what way will the price of UTZ butter or powder change with the new conversion ratio rule?

We do not know if there will be a price change of UTZ cocoa products. This depends on the butter/powder balance of your supplier. Please contact your supplier to discuss this matter.