

## ACE self-commitment on third-party verified traceability systems for wood fibres

5th Annual report

(2011 figures)

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## About Proforest

Proforest is an independent company working with natural resource management and specialising in practical approaches to sustainability.

Our work ranges from international policy development to the practical implementation of requirements on the ground, with a particular focus on turning policy into practice. Our extensive and up-to-date knowledge of the international context ensures that our work for individual companies and organisations is set within an appropriate framework. At the same time, we are able to bring a wealth of current practical experience to policy development processes and debates.

The Proforest team is international and multilingual and has a broad variety of backgrounds, ranging from industry to academia and NGOs. This allows us to work comfortably in many types of organisations, as well as in a range of cultures. We have in-house knowledge of more than 15 languages, including Mandarin, Malay, French, Spanish and Portuguese.

Proforest was set up in 2000. Our expertise covers all aspects of the natural resources sector, from forestry and agricultural commodities to conservation, supply chain management and responsible investment.

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## 1 Background

### The Industry self-commitment (the 'ACE commitment')

Elopak, Tetra Pak and SIG Combibloc, as ACE converting members, are committed to:

- Sourcing 100% wood fibre from legal and acceptable sources by 2015
- Securing CoC certification for all liquid packaging board mills by 2015
- Securing CoC certification for all beverage carton manufacturing plants by 2018

The converting members of the Alliance for Beverage Cartons and the Environment (ACE), namely Elopak, Tetra Pak and SIG Combibloc, are committed to sourcing wood fibre that is traceable to legal and acceptable sources, using processes that have been independently verified<sup>1</sup>.

To achieve this goal the companies have committed to progressively increasing the amount of fibre that is traceable to well managed forests. ACE contracted Proforest to coordinate the reporting process and to produce a public report on the amalgamated figures.

This report presents the results of the fifth year of monitoring (2011) and shows the figures of fibre that is of certified and controlled origin and the progress made towards the targets specified in the self-commitment.

Progress will be reported to the EU on two targets annually:

- The percentage of fibre supply that is covered by an independent 3<sup>rd</sup> party certificate demonstrating legality and traceability.
- The proportion of manufacturing plants which have independent 3<sup>rd</sup> party Chain of Custody (CoC) certification. This does not include 'contracted' converting plants; i.e. where the 'licensee' is not utilising the company brand.

### Definition of Legal and Acceptable sources

For the purpose of this reporting, ACE converting members have defined the following wood sources as not acceptable:

- Illegally harvested;
- Harvested in violation of traditional and civil rights;
- Harvested in forests in which high conservation values are threatened;
- Harvested from areas being converted from forests to non-forest uses;
- From areas where genetically modified trees are planted.

## 2 Methodology

ACE converting members provided information to Proforest using the reporting form shown in Annex 1. Proforest gathered supporting documentation from the ACE converting members and their suppliers to verify the figures and to cross check the certified/verified status of fibre supplies. Proforest then amalgamated the figures for all members to produce the overall figures for the Alliance. The data from the individual companies was kept confidential.

<sup>1</sup> Tetra Pak, Elopak and SIG-Combibloc (2007) *Industry self-commitment concerning third party verified traceability systems for wood fibres in liquid packaging board used for the manufacture of beverage cartons*

## 2.1 Acceptable fibre categories

There are four ways to demonstrate that wood fibre meets the industry self-commitment:

### 1. It is FSC certified

Certified fibre is fibre that was supplied by a liquid packaging board (LPB) production facility in possession of an appropriate FSC Chain of Custody certificate covering the specific year, and is sold as certified with this indicated on the invoice or in the purchasing contract.

### 2. It is FSC 'controlled wood'

Controlled wood means fibre that is not certified but is deemed suitable to form part of an FSC certified product. Controlled wood is defined in the FSC CoC Standard FSC-STD-40-005. The FSC Controlled Wood Standard FSC CoC Standard FSC-STD-30-010 currently includes the same requirements as the definition being used by the ACE commitment. Controlled wood is sold under an FSC Controlled Wood Certificate with this indicated on the invoice or in the purchasing contract.

### 3. It is PEFC-certified from those PEFC-endorsed standards which deliver the ACE requirements

The Program for the Endorsement of Forest Certification schemes is an umbrella system for national forest certification schemes. Standards are developed in each country and then endorsed by PEFC. Thus the PEFC certification standard is different in every country. In some cases, a national PEFC standard does not deliver the requirements of the industry self-commitment (SFI and AFS are examples). In such cases, PEFC certified wood is not recorded as being acceptable. Where there is doubt about the acceptability of a PEFC-endorsed standard, an independent comparison with the ACE commitment is required.

PEFC fibre is supplied by a liquid packaging board production facility in possession of an appropriate PEFC Chain of Custody certificate covering the specific year, and is sold as certified.

### 4. 3rd party verification where none of the above is available

Where the LPB purchased contains a percentage of fibre from non-wood sources, such as straw or bagasse, none of the above standards are applicable. Thus a 3rd party expert is required to verify that the wood-based fibre is from a legal and acceptable source.

## 2.2 Acceptable evidence for reporting

There are two main ways that ACE converting members could provide evidence that material was certified:

- Material was purchased from a certified production facility and invoices or other sales documents clearly confirmed that the material was certified.
- There was an overarching contract between the producer and the ACE converting member which confirmed that all material supplied is certified.

## 3 Results

### 3.1 Converting plants

The three ACE converting member companies declared a total of 54 converting plants for 2011, which was two more than in 2010.

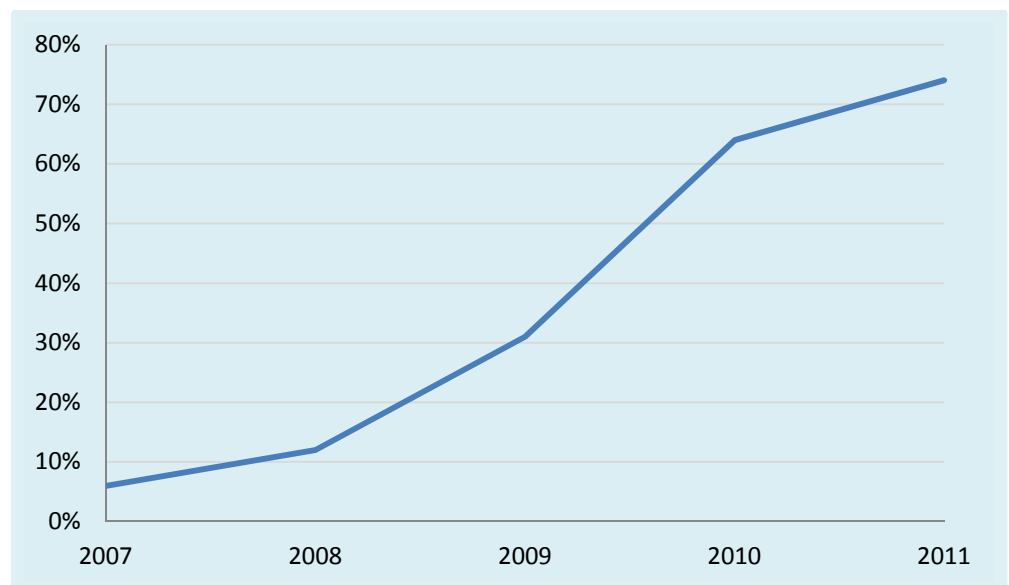
Of the 54 plants, there are now 40 converting plants that are FSC Chain-of-Custody (CoC) certificate holders, accounting for 74% of the total. This was an increase from 2010, when the proportion was 63%. The number of FSC CoC-certified plants has increased by 7 since 2010, which means that more LPB products can potentially be labelled with FSC logos.

Table 1. Certification status of ACE members' converting plants

Category	FSC CoC certified	Non certified	Total
Number	40	14	54
Percentage	74	26	100

Overall, the converting members have made significant progress towards the ACE commitment of securing CoC certification for all beverage carton manufacturing plants by 2018. The percentage of mills with a CoC certification has increased from 6% in the first year of reporting in 2007 to 74% in 2011.

Figure 1. FSC CoC certified converting plants 2007-2011. The percentage of ACE members' liquid packaging board mills in 2007-2011 that have FSC CoC certification



### 3.2 LPB Sourcing

The three ACE converting members declared a total of 2,637,576 tonnes of LPB purchased during 2011, a slightly increased quantity compared to the previous year. Of this total, 2,250,906 tonnes or 85% was classified as meeting the ACE definition of legal and acceptable sources.

Figure 2. **Percentage of LPB from legal and acceptable sources in 2011.** Percentage of LPB purchased by ACE members that meets the ACE definition of legal and acceptable sources

- Meets ACE definition
- Other

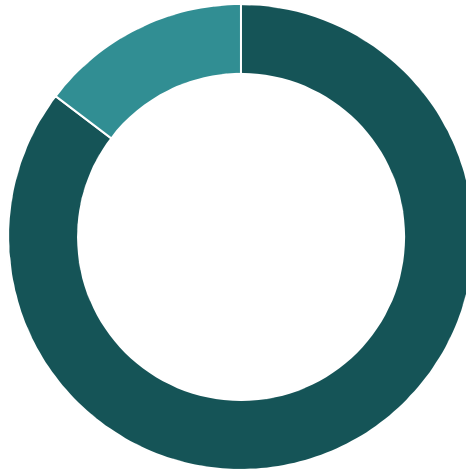
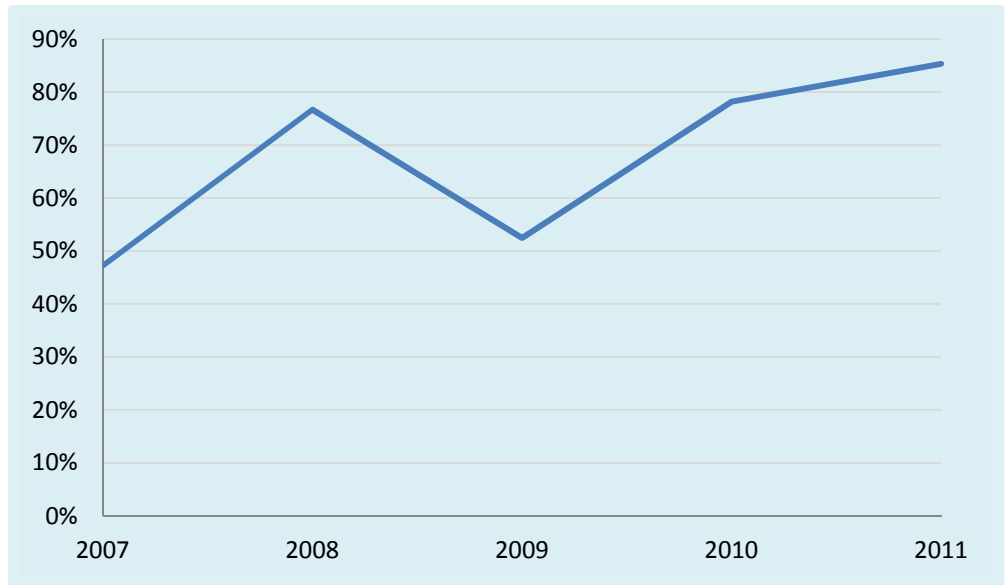


Table 2. LPB purchased by ACE members that meets the ACE definition and LPB from other sources

Category	Legal and acceptable sources	Other	Total
Tonnes	2,250,906	386,670	2,637,576
Percentage	85	15	100

The volume of fibre that meets the ACE definition in 2011 had increased significantly from 2010 when only 78% of the LPB was reported as meeting the ACE definition of legal and acceptable sources. Overall, the ACE converting members have made significant progress towards the goal of 100% wood fibre from legal and acceptable sources by 2015. During the five years of ACE reporting, the percentage of fibre from legal and acceptable sources has increased from 47% in 2007 to 85% in 2011.

Figure 3. **Fibre from legal and acceptable sources 2007-2012.** The percentage of fibre purchased by ACE members in 2007-2011 that can be classified as meeting the ACE definition of legal and acceptable sources.



## 4 Observations on data and process

There was a significant increase in the number of converting plants that have achieved CoC certification, from 63% in 2010 to 74% in 2011. There are only 14 more converting plants to be certified in order to meet the ACE commitment of securing CoC certification for all beverage carton manufacturing plants by 2018. Some of these plants are already in the certification process, so it is expected that the percentage of CoC certified plants will further increase in the year 2012.

In terms of LPB sourcing, 85% of the material meets the ACE definition of legal and acceptable sources, compared to 78% in 2010. ACE members are thus also making good progress towards their commitment of sourcing 100% wood fibre from legal and acceptable sources by 2015.

All of the ACE members made significant progress in the 2011 reporting period. However, the time required for achievement of the ACE commitments may vary among the different members, due to differences in the sizes of operations and quantities processed. It is worth noting that one of the ACE converting members has already fully met the ACE commitments for both CoC certification of converting plants and sourcing LPB from legal and acceptable sources.

It is recommended that the ACE converting members that do not fully meet the ACE requirements should maintain and increase communication with their LPB suppliers in order to help them to move towards certification. It is also suggested that the ACE members continue increasing the number of FSC certified converting plants.

The reports and supportive documentation provided by the ACE members were of high quality and in most cases met the reporting requirements. The only issue identified was that some of the invoices included both FSC and FSC Controlled Wood claims, without clarification of which claim referred to the listed products. However, additional evidence was offered to support the correct claim and the issue was addressed with the liquid packaging board mill in question.



For the reporting year 2011, the reporting methodology was adjusted so that the converting members delivered the supporting documentation with their reports. The revised methodology was found to be more efficient and should be followed in the next reporting year. There was a significant delay in the delivery of the some of the supporting evidence required for the verification process, and this resulted in a similar delay in the delivery of the final reports. It is recommended that the ACE members discuss whether the reporting timeline should be adjusted so as to avoid similar delays in the next reporting year.

Overall, it is likely that if the ACE converting members continue the good process made within the last five years of reporting, they will be able to meet the ACE commitments within the specified timeframe.

## Annex 1: Proforest reporting template

### Part 1: Contact details

In the table below, please provide the details of the relevant contact person within the ACE member company:

<b>ACE Member Company</b>	
<b>Form completed by</b>	
<b>Date</b>	

### Part 2: Overview of production

In the table below, please provide the consolidated overall figures for the company:

<b>Total number of Converting Plants used</b>	
<b>Annual usage of LPB (tonnes)</b>	
<b>Total number of LPB producing mills used</b>	

### Part 3: Converting plants

#### 3.1 Number of converting plants FSC/PEFC certified

In the table below, list the names of the company's converting plants and for those that have Chain of Custody certification, the relevant certificate number:

<b>Converting plant name</b>	<b>FSC/PEFC Certificate number (if any)</b>

### 3.2 Control of certified volumes

Unless a converting plant is already independently certified, there is currently no external mechanism for verifying the volumes of certified LPB. In the table below, describe the internal mechanisms for controlling volumes in each reporting category (see section 4), such as through company data control processes or quality management systems.

#### Company mechanisms for control of certified volumes

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### Part 4: Number of mills FSC/PEFC certified

In this table, members need to complete the names of each mill supplying LPB to the company together with the certificate number of their FSC/PEFC chain of custody certificate if available. Against each mill, list the quantity (in metric tonnes) that was purchased in 2011 that can be counted as FSC certified, PEFC certified, FSC controlled wood, or Other.

Name of LPB producing mill	FSC/PEFC Certificate number	PEFC certified (Tonnes)	PEFC national scheme used	FSC certified (Tonnes)	FSC controlled (Tonnes)	Other (Tonnes)	Comment
<b>Total</b>							





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