

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

4th Annual report

(2010 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 fourth year of monitoring (2010) 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, using discussions with certification bodies where necessary. 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 Explanation of fibre categories for reporting

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

**1. It is FSC certified**

**2. It is FSC 'controlled wood' certified**

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. See <http://www.fsc.org>.

**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 countries, the PEFC standard will deliver the ACE commitment, in others it will not.

**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 will be 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 can provide evidence that material was certified:

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

## 2.3 Evidence required for each category

- 1. 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 was sold as certified to an ACE converting member company with this indicated on the invoice or in the purchasing contract.
- 2. Controlled Wood fibre:** is fibre that was sold as controlled wood under an FSC Controlled Wood Certificate with this indicated on the invoice or in the purchasing contract.
- 3. PEFC Certified fibre:** is fibre that was supplied by a liquid packaging board production facility in possession of an appropriate PEFC Chain of Custody certificate covering the specific year, and was sold as certified to an ACE converting member company.

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 shall not be recorded as being acceptable. Where there is doubt about the acceptability of a PEFC-endorsed standard, an independent comparison with the ACE commitment will be required.

- 4. **Third party verification:** by an independent third party verification report confirming that the requirements have been met.

### 3 Results

#### 3.1 Converting plants

The three ACE converting member companies declared a total of 52 converting plants for 2010, which is the same number as in 2009.

Of the 52 plants, there are now 33 converting plants that are FSC Chain-of-Custody (CoC) certificate holders, accounting for 63% of the total. The number of FSC CoC-certified plants has more than doubled since 2009, 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	33	19	52
Percentage	63	37	100

#### 3.2 LPB Sourcing

The three ACE converting members declared a total of 2,585,298 tonnes of LPB purchased during 2010, a slightly increased quantity compared to the previous year. Of this total, 2,021,020 tonnes or 78% was classified as meeting the ACE definition of legal and acceptable sources.

The volume of fibre that meets the ACE definition in 2010 had increased significantly from 2009 when only 52% of the LPB was reported as meeting the ACE definition of legal and acceptable sources. There was also a small increase compared to the 77% figure reported in 2008.

**Figure 1.** 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	2,021,020	564,278	2,585,298
Percentage	78	22	100

## 4 Observations on data and process

There was a significant increase in the number of converting plants that have achieved CoC certification, from 33% in 2009 to 63% in 2010. All of the members have now achieved certification for 50% or more of their converting plants and one of the members has achieved certification for all of its converting plants. Thus the ACE members have made clear progress towards the ACE commitment of securing CoC certification for all beverage carton manufacturing plants by 2018.

In terms of LPB sourcing, 78% of the material meets the ACE definition of legal and acceptable sources, compared to 52% in the previous year. 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 2010 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 by the end of the 2010 reporting period, one of the ACE converting members had 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 factories.

The reports and supportive documentation provided by the ACE members were of high quality, arrived timely and in most cases met the reporting requirements. As a result, it may be possible to adjust the reporting timeframe in the future so as to allow for an earlier publication date for the final report.

It is suggested that in the future, the reporting methodology should be adjusted so that the ACE converting members are required to provide a sample of invoices along with the reporting template. This will facilitate the verification of the reported volumes and further accelerate the reporting process.

Overall, it is likely that the ACE converting members will be able to meet the ACE commitments within the specified timeframe.



### 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.

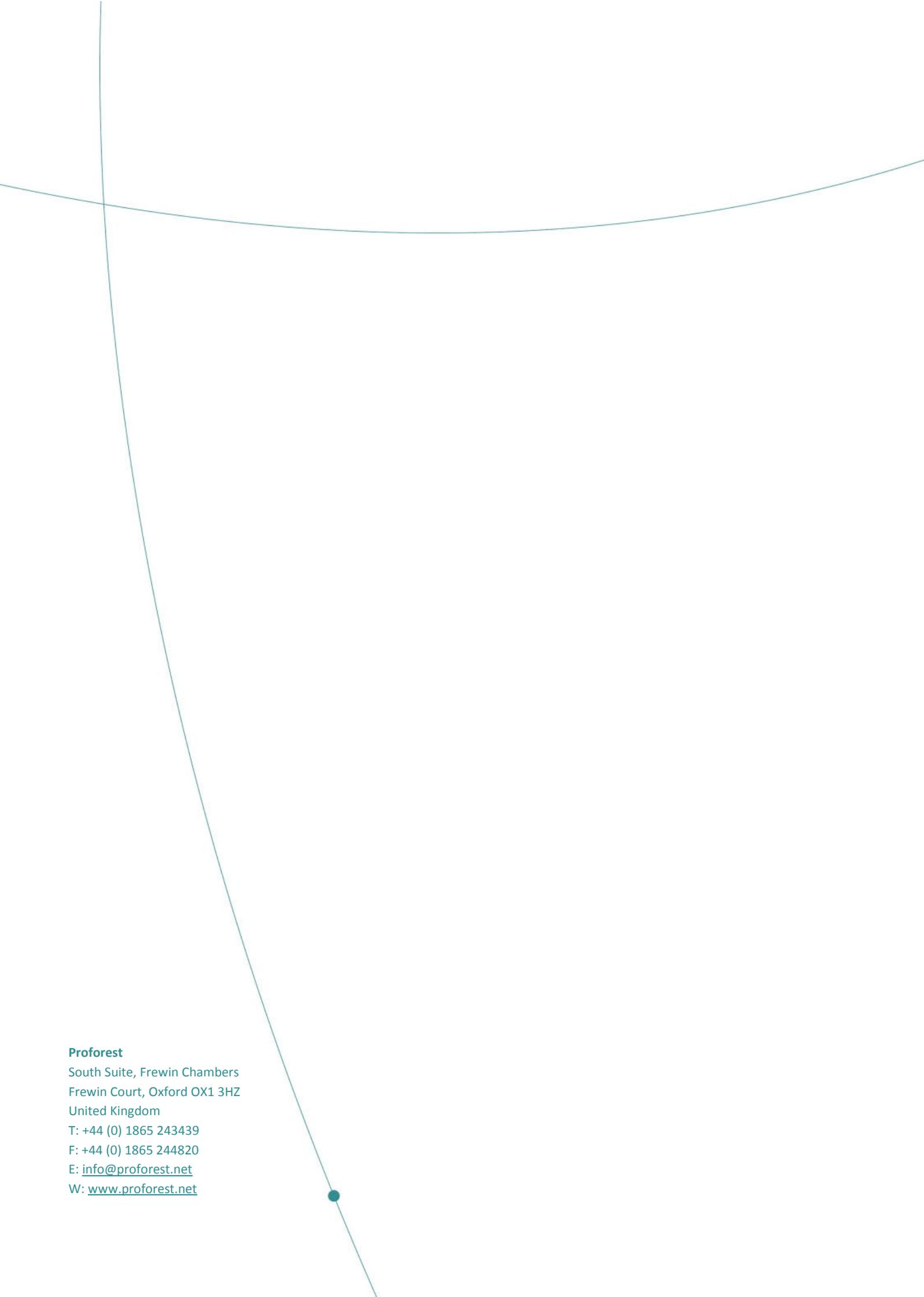
#### Company mechanisms for control of certified volumes

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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 2010 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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