

# proforest

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

10th annual report  
(2019 figures)

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## About Proforest

Proforest is an independent mission-driven organisation working in the field of natural resource management and specialising in practical approaches to sustainability. Our expertise covers all aspects of the natural resources sector, from biodiversity conservation, sustainable forestry and agricultural commodities production to responsible sourcing, supply chain management and investment.

Proforest works to transform commodity production as well as supply chains and sectors through developing **awareness** about sustainability, helping to generate **commitment** to better practice, supporting **implementation** of these commitments in practice and working with the wider community to increase the positive **impact**.

Proforest Ltd provides direct support to companies implementing responsible production, sourcing and investment for agricultural and forest commodities.

The Proforest team is international and multilingual and comes from a wide variety of backgrounds, including industry, academia and civil society. This allows us to work comfortably with diverse organisations in a range of cultures. We have in-house knowledge of more than 15 languages, including English, Bahasa Indonesia, Portuguese, Mandarin, French and Spanish.

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## Executive summary

In 2007, the three beverage carton producer members of the Alliance for Beverage Cartons and the Environment (ACE) – Elopak, Tetra Pak and SIG Combibloc – launched a voluntary commitment to ensure that the liquid packaging board used in their cartons contains wood fibre that is traceable to well-managed forests. The members made three specific commitments:

- To secure Chain of Custody certification for all their beverage carton manufacturing plants by the end of 2018
- To secure Chain of Custody certification for all supplying mills by the end of 2015
- To only source wood fibre that is verified to come from legal and acceptable sources by the end of 2015

The members' progress towards their ACE targets has been monitored by Proforest each year from 2007 to 2015. In 2019 the ACE members and Proforest carried out the tenth year of progress reporting and monitoring, to cover the period of 1 January to 31 December 2019. For this exercise, the three members provided information to Proforest using a reporting form and Proforest then reviewed supporting documentation from the members and their LPB suppliers in order to verify the information reported.

According to the information reviewed by Proforest, the ACE members continued to reach all three targets of the commitment set for the end of 2015.

- In 2019, all 46 of the manufacturing plants operated by the three ACE members were Chain of Custody-certified.
- In 2019, all of the mills and traders which supply LPB to the ACE members were Chain of Custody-certified.
- In 2019, the ACE members were all sourcing 100% wood fibre from legal and acceptable sources.

In less than 13 years since signing their voluntary commitment in May 2007, the ACE members have managed to achieve full Chain of Custody and eliminate from their beverage carton supply chains any wood fibre which is not verified to come from legal and acceptable sources. While eliminating those other sources, furthermore, the members have also progressively increased the amount of FSC-certified material that they are using (from 11% of all fibre purchased in 2007 to 70% in 2019), which corresponds to a growing commitment to products whose origins have been verified against the highest standards of forest management.

## 1 Background

### The industry self-commitment (the 'ACE converters commitment')

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

- 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 increase the amount of fibre that is traceable to well-managed forests.

Progress may be reported on two targets annually:

- The percentage of fibre supply that is covered by an independent third-party certificate demonstrating legality and traceability.
- The proportion of manufacturing plants which have independent third-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.

As part of the preparation and development of their 2030 roadmap, ACE have contracted Proforest to coordinate the data gathering, analysis and reporting process and to produce a public report on the consolidated figures.

## 2 Methodology

ACE converting members provided information to Proforest using the reporting form shown in the Annex. The reporting period covers 1 January 2019 through 31 December 2019. 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.

### 2.1 Acceptable fibre categories

There are four ways to demonstrate that wood fibre meets the ACE converting members' definition of legal and acceptable sources:

<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.

## 1. It is FSC certified

The words “certification” and “certified” are used throughout FSC standards and other documents, and their meaning can depend on what part of the supply chain they are referring to. ACE and its members have agreed on the following definition of FSC certified, drawing on the concept of FSC input from the FSC Standard for Chain of Custody Certification<sup>2</sup> (CoC).

**Under ACE policy, FSC certified fibre is material that was supplied by a liquid packaging board (LPB) production facility (or “mill”) in possession of an appropriate FSC CoC certificate covering the reporting period, and was sold with a claim of FSC 100% or FSC Mix as follows:**

- Material with an FSC 100% claim: The full quantity is considered FSC certified.
- Material with an FSC Mix percentage claim: The percentage that is stated as part of the claim is considered FSC certified.
- Material with an FSC Mix Credit claim: The full quantity is considered FSC certified.

## 2. It is FSC controlled wood

At the forest management level, “FSC Controlled Wood” applies to timber from forests which have been successfully assessed and verified against FSC’s Controlled Wood standard<sup>3</sup>, as opposed to timber from FSC-certified forests<sup>4</sup>. The Controlled Wood standard currently includes the same requirements as the definition of legal and acceptable sources used in the ACE commitment<sup>5</sup>.

Fibre from controlled wood timber may be sold with a Controlled Wood claim by FSC CoC certificate holders which are allowed to handle or sell FSC controlled wood, as outlined in the FSC Standard for Company Evaluation of Controlled Wood (FSC-STD-40-005); or it may be mixed with fibre from FSC-certified forests and sold with an FSC Mix claim, as outlined in the FSC Standard for Chain of Custody Certification (FSC-STD-40-004 V3). As noted above, ACE and its members have drawn on the concept of FSC input to agree on what is and is not considered as FSC certified.

**Under ACE policy, FSC controlled wood fibre is material that was supplied by an LPB production facility assessed by a certification body for conformity with FSC CoC and FSC controlled wood requirements covering the reporting period, and was sold with a claim of FSC Controlled Wood or FSC Mix as follows:**

- Material with Controlled Wood claim: The full quantity is considered FSC controlled.
- Material with an FSC Mix percentage claim: Minus the percentage that is stated as part of the claim, the remainder is considered FSC controlled.

<sup>2</sup> FSC (2011) FSC Standard for Chain of Custody Certification, FSC-STD-40-004 V3, page 10.

<sup>3</sup> FSC (2006) FSC Standard for Evaluation of FSC Controlled Wood in Forest Management Enterprises (FSC-STD-20-012).

<sup>4</sup> An FSC-certified forest is certified as managed in accordance with the FSC Principles and Criteria for Forest Stewardship.

<sup>5</sup> Under the FSC Controlled Wood Standard for Forest Management Enterprises, wood should have a low risk of being: illegally harvested; harvested in violation of traditional and civil rights; harvested in forest management units in which high conservation values are threatened by management activities; harvested in areas in which forests are being converted to plantations or non-forest use; and harvested from forests in which genetically modified trees are planted.

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

The Program for the Endorsement of Forest Certification (PEFC) 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, ACE has determined that a national PEFC standard does not deliver the requirements of the industry self-commitment (Sustainable Forestry Initiative and American Tree Farm System 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 will be required.

Only those PEFC-endorsed national systems that meet ACE converting members' definition of legal and acceptable sources are considered as meeting ACE requirements.

Under ACE policy, **PEFC certified fibre is material that was supplied by an LPB production facility in possession of an appropriate PEFC CoC certificate covering the specific year, and was sold as certified.**

**4. It contains fibre from verified non-wood sources**

Where the LPB purchased contains a percentage of fibre from non-wood sources, such as straw or bagasse, which can be shown by a third-party expert to originate from a legal and acceptable source.

Wood fibre which does not fall within any of the above four categories does not meet the ACE definition of legal and acceptable sources and is categorised as 'Not meeting ACE converters voluntary reporting definition'.

## 2.2 Acceptable evidence for reporting

For demonstrating progress in the legality and acceptability of fibre supply, there are two main ways that ACE converting members could provide evidence that material was certified or controlled:

- A sample of invoices and/or shipping documents clearly confirmed that the material was delivered under FSC or PEFC chain of custody. ACE members were requested to provide at least three invoices or shipping documents from each of the mills that supplied certified or controlled material in 2019; or
- An overarching contract between the mill and the ACE converting member confirmed that all material supplied in 2019 was certified or controlled.

For monitoring the proportion of manufacturing plants which have independent third-party CoC certification, the certification status of ACE members' converting plants and supplying mills was verified by Proforest using the FSC or PEFC databases of certified units, available online.

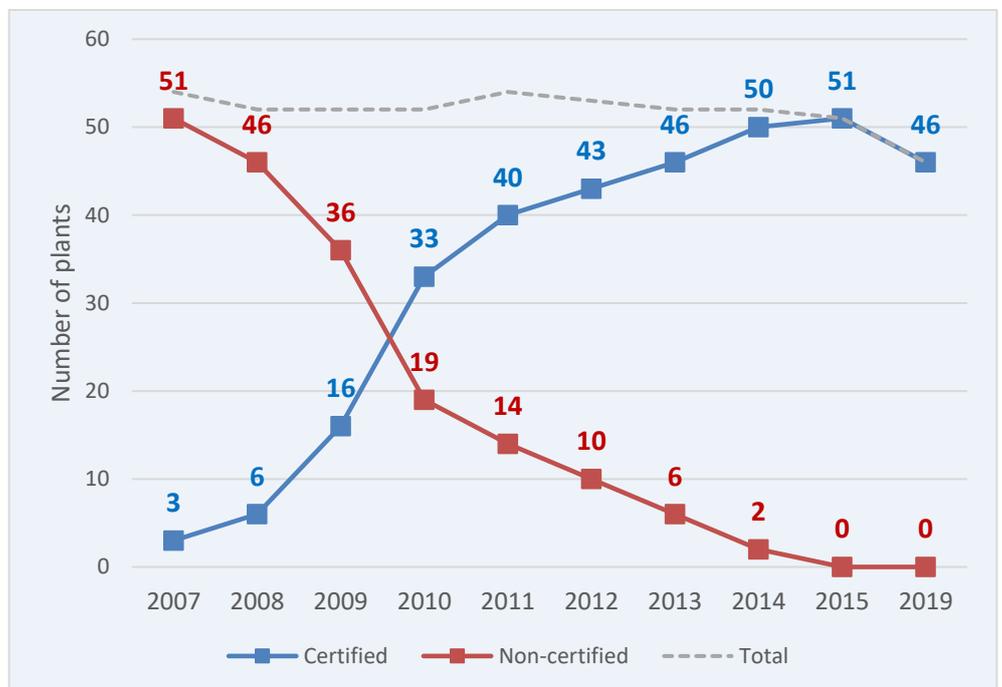
### 3 Results

According to the information reviewed by Proforest, the companies met all three targets of the ACE converters commitment in 2019.

#### 3.1 Converting plants

The three ACE converting member companies declared that a total of 46 converting plants were used during 2019. This is five less than in 2015. Of the 46 plants in operation during 2019, all were already FSC CoC-certified by 1 January 2019 and remained so during the reporting period. **Therefore, during the 2019 reporting period all of the converting plants operated by the three ACE members remained certified and thus the members continue to reach the ACE target for all beverage carton manufacturing plants to be certified by 2018.** This means that more LPB cartons can potentially be labelled with FSC logos.

Figure 1. FSC certification status of the ACE members' converting plants, 2007-2019



As Figure 1 shows, the number of plants with CoC certification has increased from three (6%) in the first year of reporting in 2007 to 46 (100%) in 2019. The greatest progress was made in 2009/10 and since then the members have worked on obtaining certification for the last remaining plants.

#### 3.2 LPB sourcing

During 2019, the three ACE members sourced LPB from 22 mills. All of these suppliers were FSC-certified at the start of 2019 and remained so during the reporting period. **Therefore, during the 2019 reporting period, all of the source mills were certified and thus the members have continued to reach the ACE target of securing CoC certification for all liquid packaging board mills.**

From those mills, the three ACE converting members declared a total of 2 863 641 tonnes of LPB purchased during 2019, a 2.5% increase from the 2015's total. **Of this total, all**

**2 863 641 tonnes were classified as meeting the ACE converters voluntary reporting definition of legal and acceptable sources.**

Figure 2. LPB purchased by ACE converting for 2015 and 2019

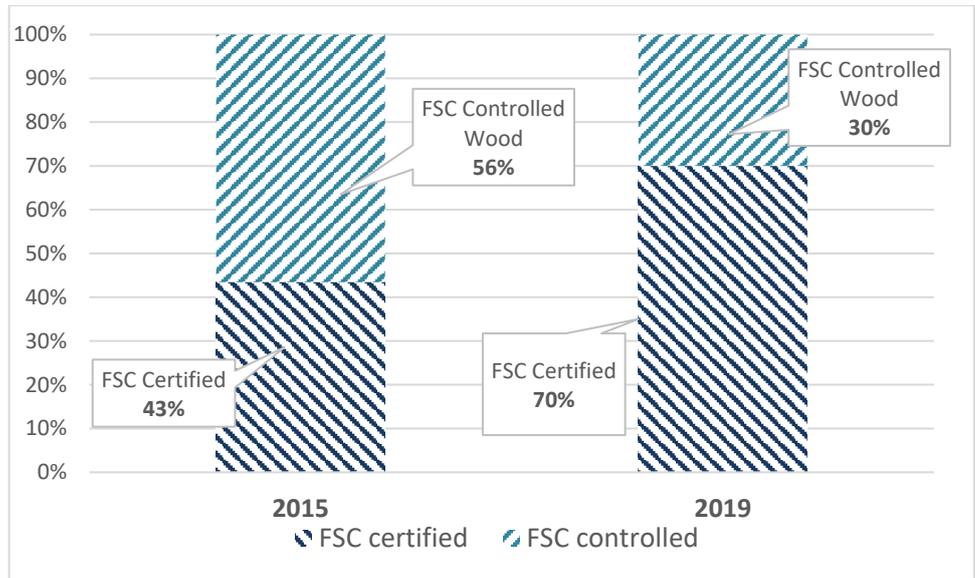


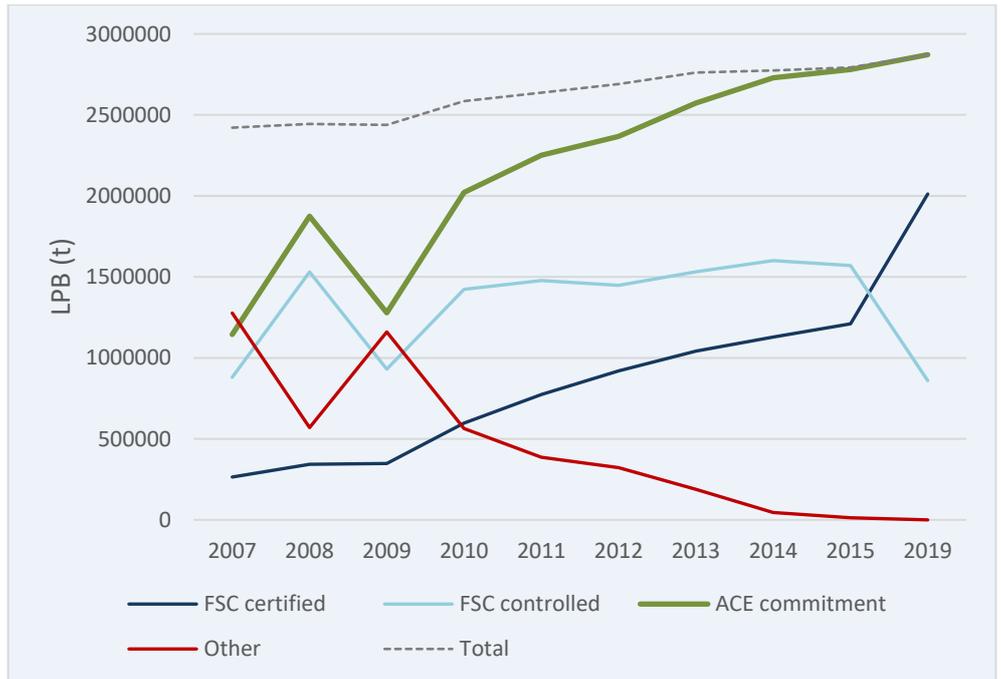
Table 1. LPB purchased in 2019 by ACE converting members that meets the voluntary reporting definition of legal and acceptable sources

Category	Meets the voluntary reporting definition of legal and acceptable sources	Does not meet the voluntary reporting definition	Total
Tonnes	2 863 641	0	100
Percentage	100	0	100

**In 2019, the ACE members were all sourcing 100% certified or controlled material from their suppliers and thus the members continue to reach the ACE target of sourcing 100% wood fibre from legal and acceptable sources, as set for 2015.**

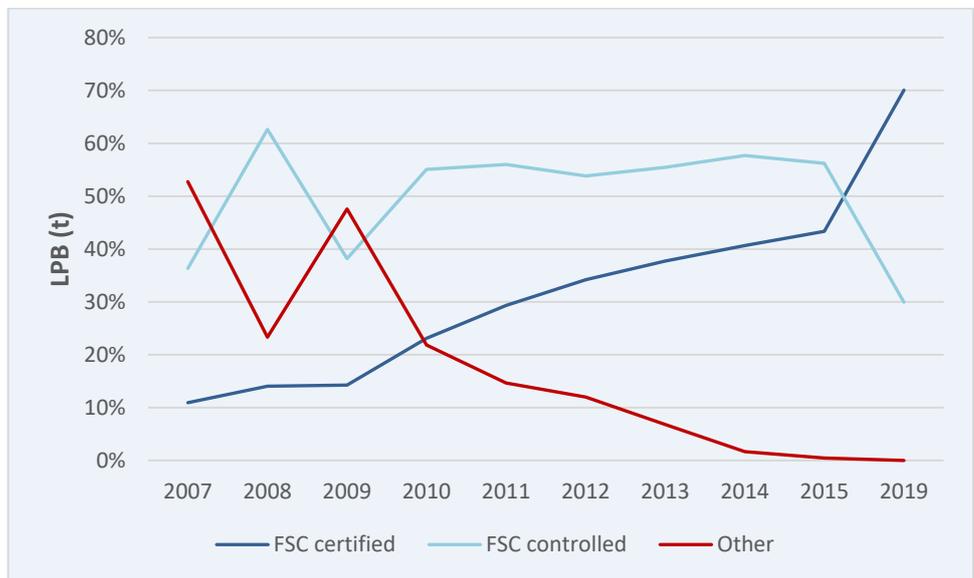
As Figure 3 shows, the amount of LPB sourced by the members which meets the ACE definition of legal and acceptable has increased significantly since the reporting began, from 1 144 494 t in 2007 (47%) to 2 367 286 t in 2012 (88%), 2 780 414 t in 2015 (100%) and 2 863 641 in 2019 (100%).

Figure 3. **Certified status of LPB, 2007-2019.** Fibre that is either certified or controlled meets the ACE commitment to sourcing from legal and acceptable sources



Within the category of legal and acceptable, the ACE members have also increased the proportion of fibre which is FSC certified, from 11% in 2007, 41% in 2014 and 43% in 2015 to 70% in 2019. Material which is FSC certified originates from forests certified against the FSC Principles and Criteria, as opposed to material denoted as Controlled Wood, which originates from forests which have been assessed and verified against FSC’s less stringent Controlled Wood standard. Therefore, the increase indicated in Figure 4 for 2007–2019 is a positive development.<sup>6</sup>

Figure 4. **Proportions of certified, controlled and other fibre sourced by the ACE members, 2007-2019.**



<sup>6</sup> Note that for the 2015 reporting cycle, the methodology for calculating certified and controlled volumes was changed, so that for paperboard delivered with an FSC Mix percentage claim such as ‘FSC Mix 80%’, only the 80% is considered certified and the remainder is considered Controlled Wood. If the previous methodology had been applied, the ratio of certified to controlled would have been higher.

## Overall progress

In less than 13 years since signing their voluntary commitment in May 2007, the ACE members have managed to eliminate from their beverage carton supply chains any wood fibre which is not verified to come from legal and acceptable sources. They have also increased their use of wood fibre which is fully FSC-certified. Typically, this has been achieved through incremental changes in procurement from their supplying mills.

The reports and supportive documentation provided by the ACE converting members were generally of high quality and met the reporting requirements.



### C(ii) Control of certified volumes

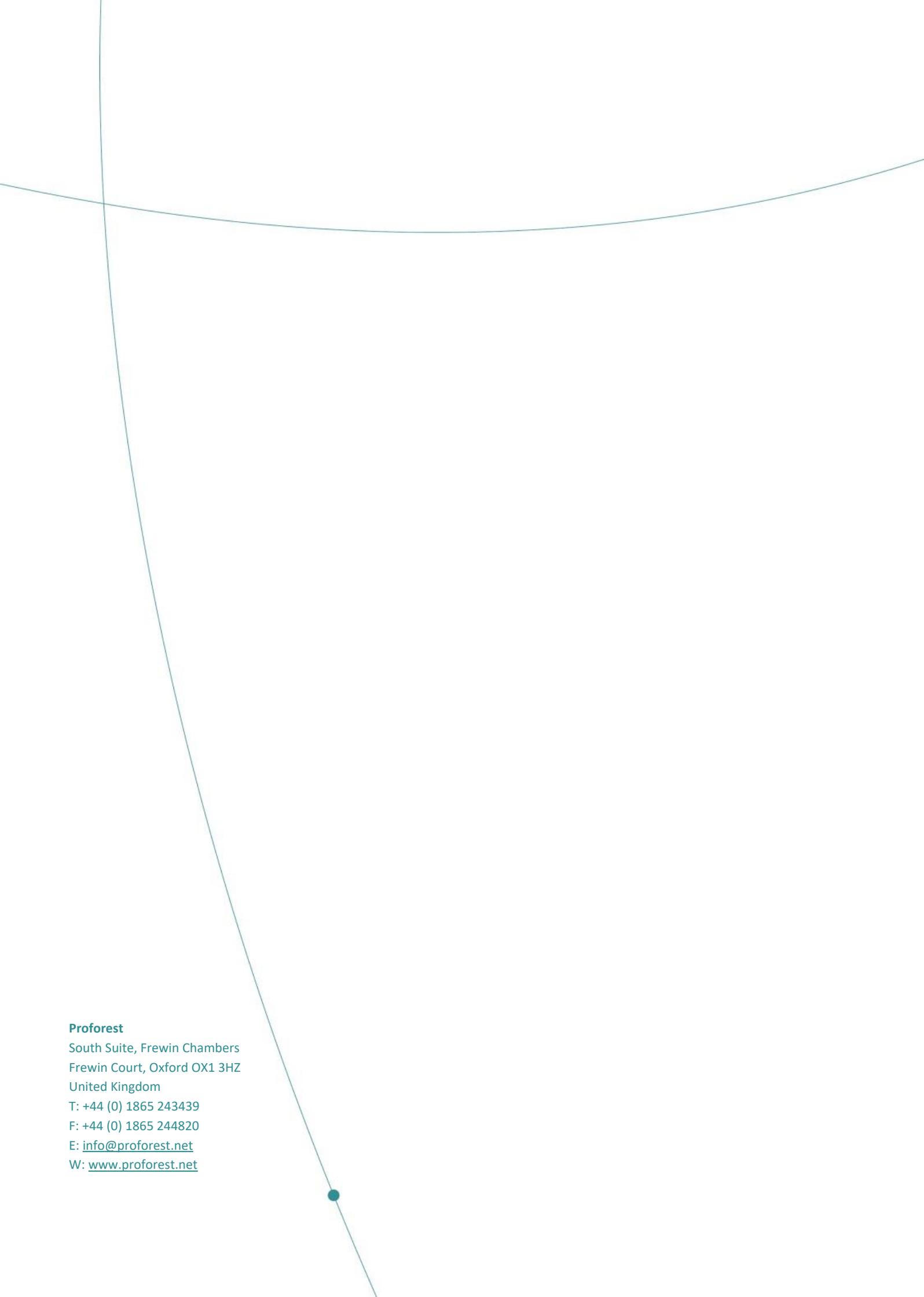
Unless a converting plant is already independently certified, there is currently no external mechanism for verifying the volumes of certified LPB. In the table below, describe the internal mechanisms for controlling volumes in each reporting category (see part D of this reporting template), such as through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

Company mechanisms for control of certified volumes

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

In the table below, please enter the names of each mill that supplied LPB to the company during the reporting period, 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 2019 that can be counted as PEFC certified, FSC certified, FSC controlled wood or Other, following the definitions provided in section 2 of the main document, “Acceptable fibre categories”.

Name of LPB producing mill	FSC/PEFC certificate number and/or Controlled Wood code	PEFC certified (Tonnes)	PEFC national scheme used	FSC certified (Tonnes)	FSC controlled wood (Tonnes)	Other (Tonnes)	Comment
<b>Total</b>							

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