

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

3<sup>rd</sup> Annual report (2009 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, Hindi, 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 converting members of the Alliance for Beverage Cartons and the Environment (ACE), namely Elopak, SIG Combibloc, and Tetra Pak, 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 progressively to increase 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 third year of monitoring (2009), and shows the progress made towards these targets.

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

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

- Sourcing 100% wood fibre (measured in tons of certified liquid packaging board) 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

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

- The percentage of LPB/fibre supply that is covered by an independent 3<sup>rd</sup> party certificate demonstrating legality and traceability.
- The proportion of manufacturing plants of ACE converting members ('converting 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
- Harvested from areas where genetically modified trees are planted

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<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. 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 numbers, and 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. 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 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. 3<sup>rd</sup> 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 3<sup>rd</sup> party expert will be required to verify that the wood-based fibre is from a legal and acceptable source.

### 2.2. Evidence required for each category

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.

However, it had been agreed that more informal mechanisms be used until June 30, 2009, so additional evidence has been accepted for the first half of 2009 as outlined below<sup>2</sup>.

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<sup>2</sup> It is relevant to note that Controlled Wood certification per se was implemented by FSC as of January 1<sup>st</sup> 2008, therefore after the ACE voluntary commitment was signed. This has created the opportunity for more structured and documented reporting.

### 2.2.1. For the January – June 2009 reporting period

1. **Certified fibre:** is fibre that was supplied by a liquid packaging board production facility in possession of an appropriate 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, or
  - verified by a third party as meeting the requirements for Controlled Wood; over the course of 2008, ACE converting members may have received controlled wood even though there was no formal contract or confirmation on invoices. Where this was the case and this can be confirmed by a 3<sup>rd</sup> party, (preferably the FSC certification body that certified the production facility), this was accepted as evidence of meeting the commitment.
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.

Appropriate PEFC certificates: In some cases, a national PEFC standard does not deliver the requirements of the ACE commitment (SFI and AFS are examples). In such cases, PEFC certified wood shall not be recorded as being acceptable. Where there was doubt about the acceptability of a PEFC-endorsed standard, an independent comparison with the industry self-commitment would have been required.

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

### 2.2.2. For the July – December 2009 reporting period

1. **Certified fibre:** is fibre that was supplied by a liquid packaging board production facility in possession of an appropriate 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 was doubt about the acceptability of a PEFC-endorsed standard, an independent comparison with the ACE commitment would have been 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 2009, which is the same number as in 2008.

Of the 52 plants, there are now 16 converting plants that are FSC Chain-of-Custody (CoC) certificate holders, accounting for 31% of the total. The number of FSC CoC-certified plants has more than doubled since 2008, which means that more LPB products can be labelled with FSC logos.

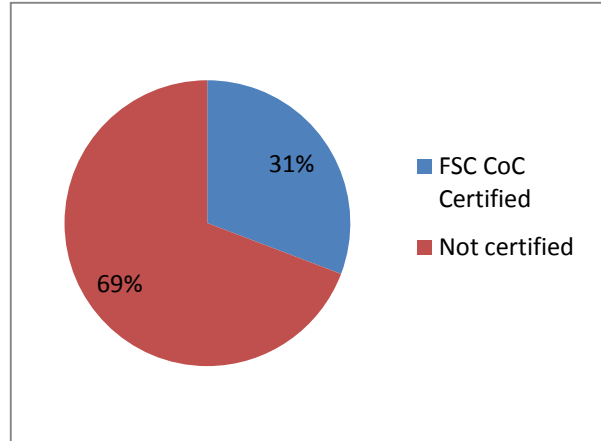
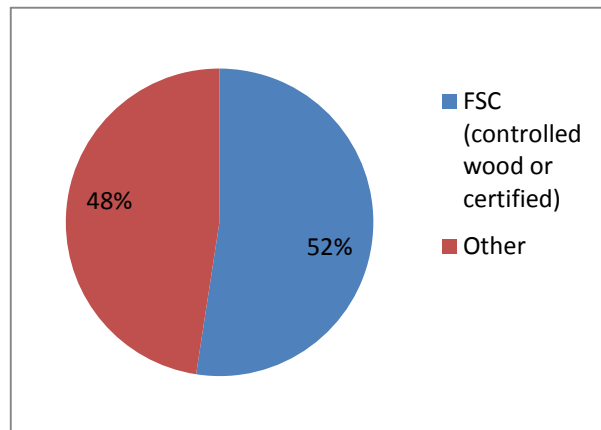


Table 1: Certification status of ACE members' converting plants

Category	FSC CoC certified	Not certified	Total
Number	16	36	52
Percentage	31	69	100

#### 3.2. LPB sourcing

The three ACE converting members declared a total of 2,438,703 tonnes of LPB purchased during 2009, a similar quantity to the previous year. Of this total, 52% was classified as FSC certified or FSC controlled wood. Even though some fibre was sourced from a PEFC national scheme, it was categorised as other materials as the specific national scheme does not meet the ACE definition of acceptable sources. Hence, none of the fibre used was classified as PEFC certified.



The volume of fibre that was FSC certified or FSC controlled wood was 52% in 2009. This is much lower than the 77% figure of the previous year. The main reason of this decrease was the fact that the requirements for reporting FSC controlled wood were tightened for the period June to December 2009 (see section 2.2.2). Therefore, any purchase of FSC controlled wood from a certificate holder cannot be counted as controlled wood if it was not indicated on the invoice.

Table 2: Percentage of LPB certified by PEFC, FSC (certified or controlled) and other

Category	PEFC certified	FSC certified or controlled	Other	Total
Tonnes	0	1,278,866	1,159,837	2,438,703
Percentage	0	52	48	100

## 4. Observations on data

ACE members are making good progress in achieving their commitments. In particular, ACE members are increasing the number of CoC certifications of their converting plants. In addition, one of the members has already achieved CoC certification for all its converting plants at the end of 2009. The other members are in preparation of having more converting plants certified. This means that further progress is already assured for certification of converting plants for the 2010 reporting period.

In terms of LPB sourcing, 48% does not meet the requirements. Of this 48%, some of the LPB is sourced from SFI certified suppliers, which according to ACE commitments, cannot be counted as acceptable PEFC material as the SFI standard does not fully comply with FSC Controlled Wood standard. The specific issues where the SFI standard does not fully comply are conversion to non-forest use and high-conservation value (HCV). It has been suggested that ACE members conduct third-party verification of these mills to provide additional evidence to address the gaps.

Another area that ACE members can progress on is to make sure that controlled wood materials are specified in invoices. Some of the LPB could not be counted as acceptable sources because 'controlled wood' had not been specified by the supplier on the invoice, even though the supplier was in possession of a valid FSC Chain-of-Custody certificate during the reporting period. It is suggested that ACE members communicate clearly with their suppliers, making sure that they specify controlled wood material, and in turn check that the invoices confirm that controlled wood has been supplied.

# 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:

ACE Member Company	
Form completed by	
Date	

## Part 2: Overview of production

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

Total number of Converting Plants used	
Annual usage of LPB (tonnes)	
Total number of LPB producing mills used	

## 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:

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

### 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

