

ACE Self-Commitment on 3rd Party Verified Traceability Systems for Wood Fibres

First Report (for 2007)

February 2009





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. The company roots are in forestry but today our expertise covers all aspects of the natural resources sector, from agricultural commodities and forestry to conservation, supply chain management and responsible investment.

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1. Background

Wood fibre is the dominant component of beverage cartons. Wood is a renewable resource, and when sourced from forests that are well managed, can have considerable environmental advantages over other, non-renewable raw materials. In 2007 the converting members of ACE (The Alliance for Beverage Cartons and the Environment, Tetra Pak, Elopak and SIG Combibloc) made a commitment to responsible sourcing of wood fibre through their board suppliers. The commitment responds directly to EU policy and in particular to the encouragement for private sector initiatives to improve forest law enforcement, governance and trade (FLEGT). ACE converting members are committed to sourcing wood fibre that is traceable to legal and acceptable sources using processes that have been independently verified¹.

To achieve this goal the companies have committed to:

- Work with liquid packaging board suppliers to obtain and maintain chain of custody certification in order to move towards 100% chain of custody certification for all liquid packaging paperboard used in their products by 2015 at the latest.
- Extend the chain of custody from liquid packaging board mills to beverage carton manufacturing and reach a level of 100% certification in this regard by 2018.
- Regularly report on progress to the above targets

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 first year of monitoring (2007), and shows the progress made towards these targets set in 2007.

2. Methodology

ACE converting members are committed to obtaining and maintaining chain of custody certification for all liquid packaging paperboard used in their products.

Progress towards this target was monitored in two ways:

- By recording the volume of liquid packaging paperboard delivered to the converting members that was certified or controlled, from companies in possession of an independent, third-party verified chain of custody system; and,
- By recording the proportion of converting plants which had independent 3rd party Chain of Custody (CoC) certification.

¹ 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*



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.

This report provides a summary of the amalgamated data from the ACE converting member companies.

2.1. Explanation of fibre categories

The fibre used by the three ACE converting members has been categorised in two ways:

1. Independent, 3rd party verified as legal and traceable
2. Other

For raw material to be counted in category 1, it must be:

- FSC-certified fibre,
- FSC controlled wood fibre²
- PEFC-certified fibre

Note that '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.

Controlled Wood fibre is fibre that was sold as such under an FSC Controlled Wood Certificate (and listed on the invoice), or fibre that was verified by the independent FSC certification body as meeting the requirements for Controlled Wood.

For 2007 data, all fibre that is not in one of these categories has been classed as 'other'.

² 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, and in Annex 2 of this report.

3. Results

3.1. Converting plants

ACE converting members have committed to extend the chain of custody certification from liquid packaging board mills to beverage carton manufacturing plants and reach a level of 100% certification in this regard by 2018.

In 2007, the ACE converting members between them owned 54 converting plants in 29 countries. Of these 3 were certified against the FSC Chain of Custody standard in 2007.

Table 1. Consolidated figures for ACE members:

Category	FSC COC Certified	Not certified	Total
Number of plants	3	51	54
Percentage	6	94	100

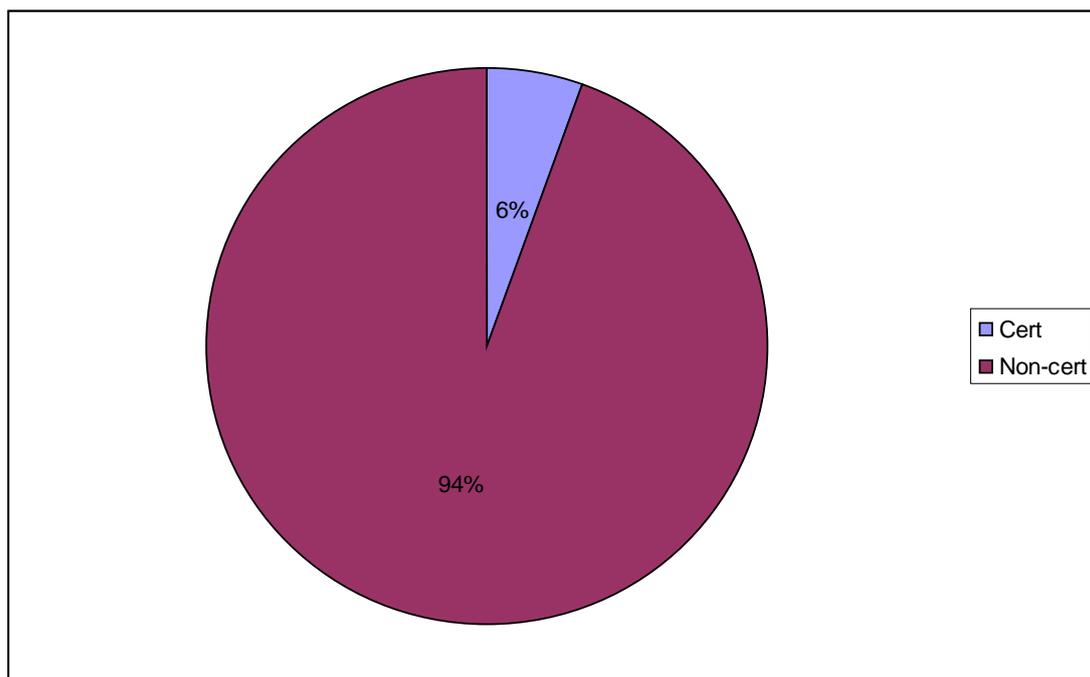


Fig 1. The numbers of certified and non-certified converting plants (2007)

3.2. Fibre sourcing

ACE converting members used almost 2.5 million tonnes of fibre raw material in 2007. Of this 47% already meets the commitment through a combination of material covered by full FSC certification and material covered by the FSC controlled-wood standard. No PEFC-certified material was purchased.

Table 2. Consolidated figures for ACE members:

Category	FSC and FSC-CW tonnes	Other tonnes	Total
Tonnes	1 144 494	1 276 916	2 421 410
Percentage	47	53	100

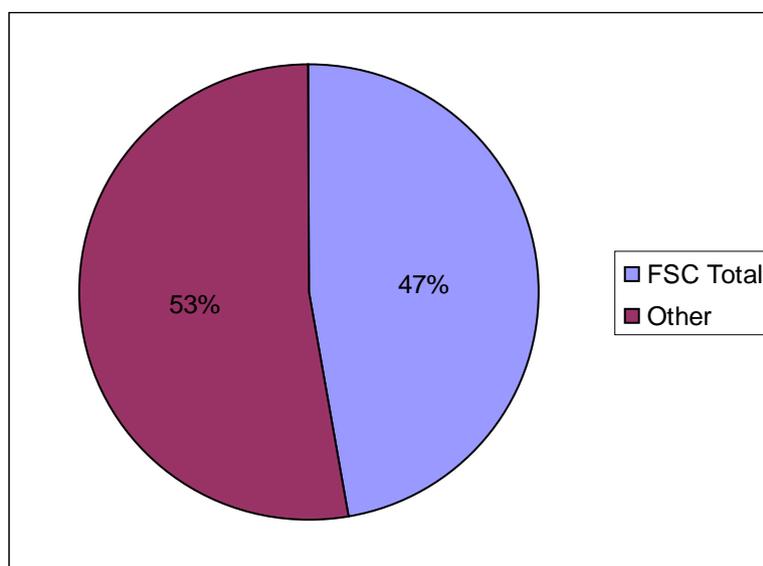


Fig 2. Summary data: The percentage of fibre sourced by the ACE converting members in the different fibre categories (2007)

4. Conclusions & recommendations on future reporting

2007 Figures

The figures presented here represent the purchasing activity of the ACE converting members during 2007. Since this data was recorded, significant further progress has been made by the members towards their targets.

Future

A number of additional LPB suppliers have obtained FSC or PEFC chain of custody certification and some now have an additional controlled wood certification under



the FSC system. As a result, the *potential* supply of certified or controlled LPB has increased significantly since 2007, and it is fully expected that ACE converting members can show significant improvements in 2008.

However, it should be noted that under the agreed terms for reporting, only wood fibre that is *sold as certified or controlled fibre*³ will be counted towards the ACE target. This means that if ACE converting members wish to substantially increase the amount of certified or controlled fibre going into their converting plants, they must ensure that they purchase this material.

Facilities that possess FSC or PEFC chain of custody certificates may not always supply certified fibre unless they are specifically requested to do so by the customer. To ensure that any material purchased is certified, ACE converting members should ensure that orders for LPB specifically require that the material is FSC or PEFC certified or covered by an FSC controlled wood certificate and that there is confirmation that this is being supplied (eg the documentation accompanying deliveries confirms this or it is a condition of contract).

Reporting for 2008

The process of data collection and reporting on 2008 fibre usage will begin immediately. To this end, a small modification will be made to the data reporting template, to include some additional guidance for those reporting company figures. This guidance will be based on the text in section 2.1 of this report.

³ i.e. the invoice for the material states that it is FSC or PEFC certified fibre or controlled wood fibre, and carries the supplier's CoC certificate number

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: 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)

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 2007 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)	FSC certified (Tonnes)	FSC controlled (Tonnes)	Other (Tonnes)	Comment
Total						

Annex 2: Definition of FSC controlled wood

Controlled wood is defined by the FSC as wood or wood fibre that is not:

- Illegally harvested wood;
- Wood harvested in violation of traditional and civil rights;
- Wood harvested in forests where high conservation values are threatened by management activities;
- Wood harvested in forests being converted to plantations or non- forest use;
- Wood from forests in which genetically modified trees are planted.

For more details see the relevant chain of custody standards (FSC-STD-40-004 and FSC-STD-40-005) which are available from the document centre of the FSC website:

<http://www.fsc.org>