

# ACE Self-Commitment on third party verified traceability systems for wood fibres from ‘legal and acceptable’ sources

2<sup>nd</sup> Annual report for ACE 2008

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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

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 verified<sup>1</sup>.

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

Tetra Pak, SIG Combibloc and Elopak, 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

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.

The ACE members have contracted ProForest to coordinate the reporting process, and to produce a public report on the consolidated figures. Detailed guidance on reporting was distributed to ACE members in the second quarter of 2009.

## 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.

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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. 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. There is 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

## 3. 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 was agreed that more informal mechanisms have sometimes been used up until now, so additional evidence will continue to be accepted for 2008 and 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.

### ***3.1 For the 2008 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 members may have been receiving 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 will be 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 is doubt about the acceptability of a PEFC-endorsed standard, an independent comparison with the industry self-commitment will be required.

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

## 4. Results and discussion

### 4.1 Converting plants

The three ACE member companies declared a total of 52 converting plants for 2008. This is a slight reduction in the total number from 2007 when 54 plants were declared.

Of the 52 plants, there are now six converting plants that are Chain of Custody certified (11.5% of the total) which is a significant increase from 2007 when only three plants (6% of the total) were certified.

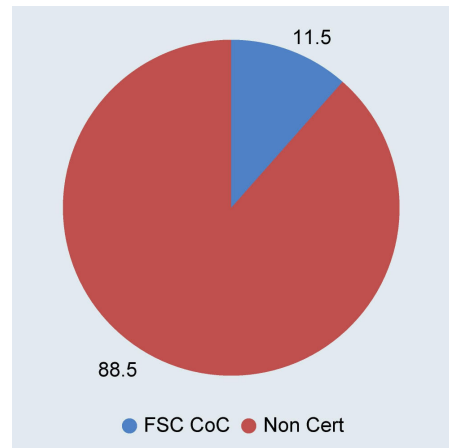


Fig 1. Percentage of ACE members' converting plants that are chain of custody certified

Table 1: Certification status of ACE members' converting plants

Category	FSC CoC Certified	Not certified	Total
Number	6	46	52
Percentage	11.5	88.5	100

### 4.2 Fibre sourcing

The three ACE Converting members between them declared a total of 2.443.964 tonnes of fibre purchased during 2008, a similar quantity to the previous year. Of this total 76.7% was classified as FSC certified or FSC Controlled Wood fibre. None of the fibre used was classified as PEFC certified. See Table 2 below for a summary of figures.

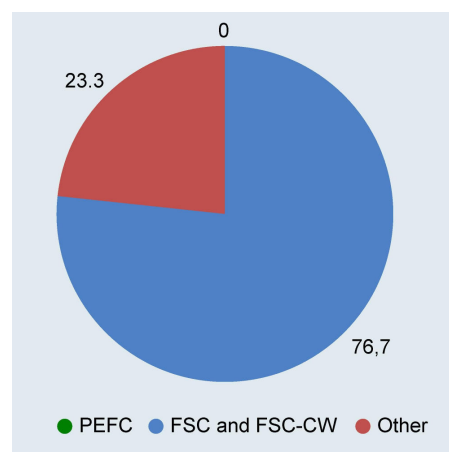


Fig 2. Percentage of ACE members' fibre from certified sources

The volume of fibre that is FSC certified or FSC-CW certified or approved has risen from 47% in 2007 to 76.7% in 2008. This represents a significant step forward towards the ACE target of 100% of fibre from legal or acceptable sources by 2015.

Some mills which supply ACE members obtained chain of custody certification during 2008 and so will be able to supply certified fibre in 2009. Furthermore, some supplying mills were already in possession of chain of custody certification but did not supply *certified* fibre to the ACE members during 2008. If the ACE members specifically request certified (or controlled) fibre from these mills, and can provide evidence to support the purchase of certified fibre during 2009, there will be scope to increase the proportion of legal and acceptable fibre still further.

*Table 2: Proportion of fibre certified by PEFC, FSC or FSC Controlled Wood*

	<b>PEFC certified</b>	<b>FSC certified &amp; CW certified</b>	<b>Other</b>	<b>Total</b>
Tonnes	0	1,874,325	569,639	2,443,964
Percent	0%	76.7%	23.3%	100%