Limited Assurance Audit Report on the Data Quality Rating Method used by the Confederation of European Paper Industries on a selection of indicators

We have been engaged by the Confederation of European Paper Industries ("CEPI") to issue a limited assurance statement on the data quality rating method ("DQR") CEPI applies on a selection of indicators published in the 2013 CEPI annual statistics report ("the Report"). The indicators covered by our assurance statement and the detailed DQR made by CEPI can be found on the CEPI website (www.cepi.org/members/statistics/annual-statistics). The DQR method applied by CEPI is based on Product Footprint Category Rules (PFCR) for paper, developed by the European Commission's DG Environment (see Appendix to our report).

Limitations in our scope

The scope of our assurance engagement as described above does not include an assessment of the selected indicators nor the reliability of the underlying data provided to CEPI by the CEPI member associations, from individual companies or based on estimates provided by paper industry consultants.

Management’s Responsibility

The management of CEPI is responsible for the preparation of the indicators and their data quality assessment based on the information received directly from the CEPI member associations, from individual companies or based on estimates provided by paper industry consultants.

The Auditor’s Responsibility

As defined by the International Federation of Accountants ("IFAC"), our review was designed to obtain a limited level of assurance. Procedures to obtain limited level of assurance are less extensive in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks, than those for a reasonable level of assurance and therefore less assurance is provided.

It is our responsibility, based on our limited assurance review procedures, to express an opinion regarding the data quality rating method applied by CEPI. We conducted our procedures in accordance with the international standard as defined in ISAE 3000 (International Standard for Assurance Engagements, December 2003). With respect to independence rules, these are defined by the respective legal and regulatory texts as well as by the professional code of ethics, issued by the IFAC.

Nature and scope of the procedures

We performed the following procedures to support our conclusion:

• Obtaining an understanding of the data quality rating formula and assessment of the suitability of the applied methodology by CEPI.

• Challenging the data quality rating made by CEPI at consolidated level, based on four criteria as they are defined:
  ➢ Completeness (C), has been checked by verifying if all the figures have been sent by the National Associations and whether the appropriate action has been taken in case of a lack of figures from a National Association.
  ➢ Time-related representativeness (TiR), has been checked by verifying if the received figures related to the appropriate reporting year and if, in case of extrapolation, the correct quality assumption has been systematically performed.
  ➢ Geographical representativeness (GR), has been checked by reviewing the weight of the various members according to the CEPI assumption.
  ➢ Parameter uncertainty (P), has been checked by verifying the consolidation of the figures sent by the National Associations in the CEPI reporting and, in case of difference, by checking the impact on the data quality rating performed by CEPI.

• Assessing the adequacy of the documentation and “audit trail”;

• Conducting interviews with CEPI responsible company staff, mainly for the purpose of assessing the understanding of the data quality rating and eventual assumptions made;
Comments on the DQR

Without impact on the conclusion stated below, we wish to address the following comment on the DQR:

- CEPI has made efforts to make the data collection from its national association members consistent and reliable. However, although the DQR results on a single indicator on data quality we do question the adequacy of some of its components. We would recommend CEPI to further fine-tune the DQR in order to allow the formula better align with the specific evaluation needs of each of the reported indicators.

Conclusion

Based on our procedures performed with respect to the financial year 2013, nothing has come to our attention that causes us to believe that the data quality rating method performed by CEPI, based on the European methodology for the calculation of environmental footprints of products and available on the CEPI website (www.cepi.org/members/statistics/annual-statistics), has not been done in line with the accepted procedure.

Diegem, 24 June 2014

EY Specialist Advisory Services, represented by:

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Appendix: CEPI data quality rating methodology
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CEPI data quality rating formula.

The European methodology for the calculation of environmental footprints of products has been altered to be used as a quality assessment tool on a larger variety of indicators than only environmental footprint indicators. Therefore, CEPI has decided to remove the following two parameters: (i) Technological representativeness and (ii) the Methodological appropriateness.

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DQR = \frac{\text{GR} + \text{TiR} + \text{C} + \text{P} }{4}
\]

C – Completeness

The completeness is calculated as follows: figures that have not been received by the National Associations are deleted from the total to obtain a total B. The percentage of this total B compared to the total is considered:

\[
\begin{align*}
\geq 90\% & = 1 \\
\geq 80\% \text{ and } < 90\% & = 2 \\
\geq 70\% \text{ and } < 80\% & = 3 \\
\geq 50\% \text{ and } < 70\% & = 4 \\
< 50\% & = 5
\end{align*}
\]

TiR – Time related representativeness

Annual figures reported to CEPI by the National Associations are one year old. When a figure is estimated by CEPI or the National Association, the age of the basis year for estimation is considered (2 years, 3 years, etc…). A total B is calculated by multiplying for each country the volume with the "year number". The ratio between total B and total is considered:

\[
\begin{align*}
\leq 1 & = 1 \\
\leq 2 \text{ and } > 1 & = 2 \\
\leq 3 \text{ and } > 2 & = 3 \\
\leq 4 \text{ and } > 3 & = 4 \\
> 4 & = 5
\end{align*}
\]

GR – Geographical representativeness

The geographical representativeness is considering the GDP for each country. The GDP of countries without any figure received is deleted from the total to obtain a total B. The percentage of this total B compared to the total is considered:

\[
\begin{align*}
\geq 95\% & = 1 \\
\geq 85\% \text{ and } < 95\% & = 2 \\
\geq 75\% \text{ and } < 85\% & = 3 \\
\geq 50\% \text{ and } < 75\% & = 4 \\
< 50\% & = 5
\end{align*}
\]

P – Parameter uncertainty

Through a survey, the National Associations have provided CEPI with a "reliability factor" for each core data: (1) high · (2) satisfactory · (3) low · (4) poor. Figures estimated by CEPI are given factor (5) by default. A total B is calculated by multiplying for each country the volume with a specific percentage for each factor: (1) =100% · (2) = 75% · (3) = 50% and (4) or (5) = 25%. The percentage of this total B compared to the total is considered:

\[
\begin{align*}
\geq 90\% & = 1 \\
\geq 80\% \text{ and } < 90\% & = 2 \\
\geq 70\% \text{ and } < 80\% & = 3 \\
\geq 50\% \text{ and } < 70\% & = 4 \\
< 50\% & = 5
\end{align*}
\]