

From Russia with

transparency



Sustainability management is being improved all along the wood supply chain by Stora Enso together with key customers and suppliers.

Stora Enso is working in co-operation with German customer Axel Springer, UK customer Random House Group UK, US customer Time Inc. and a Russian supplier Tikhvinsky KLPKh to improve social responsibility management and transparency in the wood supply chain from Russia. The Tikhvin project has been designed to analyse how corporate social responsibility can best be integrated into wood supply management from the forest to the mill, and further on to the customer.

Russia's importance is growing for Stora Enso, in terms of wood procurement, investments and market potential. The Group's strategy in wood procurement is to have a strong and active

The Tikhvin project in Russia focuses on social aspects of sustainability such as working conditions.

Wood Supply Russia takes the initiative

Stora Enso Wood Supply Russia is participating in various development projects at regional, national and international level to promote new forestry methods and harvesting technologies, as well as sustainable forest management.

In order to shorten wood supply chains and increase control over the entire procurement process, Stora Enso Wood Supply Russia has increased the share of its own harvesting in Rus-

sia. Wood Supply Russia currently obtains some 600 000 m³ of wood from its own harvesting operations in western Russia and the Republic of Karelia. New harvesting technologies are being introduced widely in both regions. This involves providing a lot of training on technical, forestry and environmental issues. The new technologies have also been designed to reduce the risk of accidents.

Some 3.7 million hectares of forest in the Russian Federation, amounting to less than one percent of the total forested area, are currently covered by FSC certification. PEFC endorsement of the Russian national forest certification system is expected by the end of 2005. Stora Enso aims to promote a constructive dialogue between these two certification systems. A target has been set for Wood Supply Russia to increase the share of certified wood to more than 10% of procured volumes by 2008.

Stora Enso development initiatives

- In 2004, a revised supplier auditing system was introduced for Wood Supply Russia's traceability system, and related training was provided throughout the organisation. The system previously included supplier and field audits to verify harvesting rights, legal documents, nature values and forestry practices. The new audits also include verification of labour safety practices. Stora Enso's wood traceability system has been in use since 1997. Third-party verification of the system is provided as part of Wood Supply Finland's EMAS Statement. Local systems in northwestern Russia are being developed for future verification.
- The Pskov Model Forest sets an example for socially responsible, ecologically sustainable and economically viable forestry in northwestern Russia (see page 42).

presence in Russia. This gives Stora Enso a unique position to build direct partnerships with harvesting enterprises, in order to work together to achieve common goals.

The Tikhvin project is a good example of such an approach. It focuses on the legality of the wood, working conditions and community involvement, as well as environmental responsibility. The project partners considered these issues to be most critical, due to the rapid rate of developments and the high level of public scrutiny.

Three critical areas

Working conditions and worker safety are strictly regulated in Russia by legislation including the Labour Code. At Tikhvinsky KLPKh responsibilities and management systems are developed fully in line with laws and regulations. However, the high share of manual work and the old-fashioned techniques still applied in the area's forests and sawmills represent risks regarding worker safety. The most effective ways to meet this challenge include stressing the importance

of safety measures through training, as well as simple safety equipment such as helmets. The payback from these efforts includes increased employee satisfaction, as well as declining accident rates.

The Tikhvin project has also revealed the determination of the harvesting company to stick to legal and ethical business practices even in times when the rapidly changing legislative and institutional environment can make it difficult to interpret and enforce laws. Tikhvinsky KLPKh aims to live up to the expectations of the demanding European market regarding the legality of wood.

The third focal area, community involvement, has deep roots in the operations of the harvesting enterprise, which has been an active member of the local community for 75 years. The company has a direct impact on the welfare of the local community and the economic development of the region, as an important employer and taxpayer, and as a major contributor to local infrastructure such as roads. Providing firewood for local residents is another practical way to maintain good living conditions.

Innovative reporting and development work

The three areas of social responsibility described above are all being analysed during spring 2005 by the project group. Bottlenecks and development needs are being identified along the supply chain. The project findings will be used by the project partners as they develop their supply chain management.

The project will also contribute to improved sustainability reporting along the wood supply chain. The results of the work of Tikhvinsky KLPKh will be available on the company's own website in 2005, which will represent an exemplary model for transparent social responsibility communications among Russian forestry enterprises.

Improving the transparency of the company's operations strengthens Tikhvinsky KLPKh's position in the market, and enhances long-term partnerships with customers. ●

- During 2004, Wood Supply Russia continued to extend its Geographical Information System (GIS) maps. The GIS system contains information on existing and planned conservation areas, as well as potentially valuable old-growth forest areas.

Dialogue with NGOs

In 2004, Stora Enso Wood Supply Russia met with several Russian NGOs, such as WWF Russia, Greenpeace Russia, the Socio-Ecological Union and Biodiversity Conservation Center, and other forest industry representatives in roundtable meetings to discuss current environmental topics related to wood procurement in Russia. The first meeting in April addressed the EU's Forest Law Enforcement, Governance and Trade initiative (FLEGT) traceability systems in Russia, audits conducted by the companies, and new forestry regulations and legislation. The second meeting concentrated on

protected areas, old-growth forests and high conservation value forests and the mapping of these sites.

Environmental training

In September 2004, Stora Enso Wood Supply Russia organised environmental training for its own staff and for a group of newly recruited specialists. The goal of this training was to present and discuss ideas related to forestry and environmental principles; environmental, economic and quality aspects in forestry; environmental management and the traceability of wood in Wood Supply Russia; forest certification; and the economic and technical rationale for good forestry and environmental management.

Implementing CSR principles

Wood Supply Russia has taken the initiative by becoming one of the first wood supply units to put Stora Enso's Corporate Social Responsibility Principles into

practice. This work is part of the overall systematic CSR implementation process agreed by the Wood Supply Europe Management Team. In November 2004, Wood Supply Russia organised a one-day CSR workshop in order to identify the present status of operations and significant challenges in relation to CSR. The workshop also focused on the need to take commonly agreed priorities further. The overall aim is to create an action plan for Wood Supply Russia, consisting of timetabled measures related to specific priorities, indicators and responsibilities.

The most important CSR issues that came up in the workshop included business practices, work safety, CSR in the supply chain, relations with the authorities, local living conditions, reductions in workforce and stakeholder relations. ●