



Integrity in Wood Supply Chain

Tikhvin-Chalna Project

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Stora Enso in Brief

- Stora Enso is a forest products company producing newsprint and book paper, magazine paper, fine paper, consumer board, industrial packaging and wood products
- 13.1 million tonnes of paper and board
- 7.5 million m³ of sawn and processed wood products
- Sales 2007 EUR 11.8 billion
- Approximately 36 000 employees in more than 40 countries
- Market capitalisation EUR 8.1 billion
- Shares listed on Helsinki and Stockholm stock exchanges



Sustainability at Stora Enso

Sustainability

Economic

Social

Environmental

Accountability: transparency, stakeholder dialogue

We Play by the Same Game Rules Everywhere

- We are committed to the United Nations Universal Declaration of Human Rights. We do not allow harassment, discrimination, punishment or abuse of any kind. We do not accept forced or child labour.
- We follow the International Labour Organisation's Core Conventions defining labour rights. Our employees have the right to organise themselves, join associations and to bargain with the company.
- We have our own Code of Conduct to guide all Stora Enso employees wherever they work. The Code of Conduct defines how we behave as a company and as employees as well as the way we do business in Stora Enso.



Wood only from Sustainable Sources

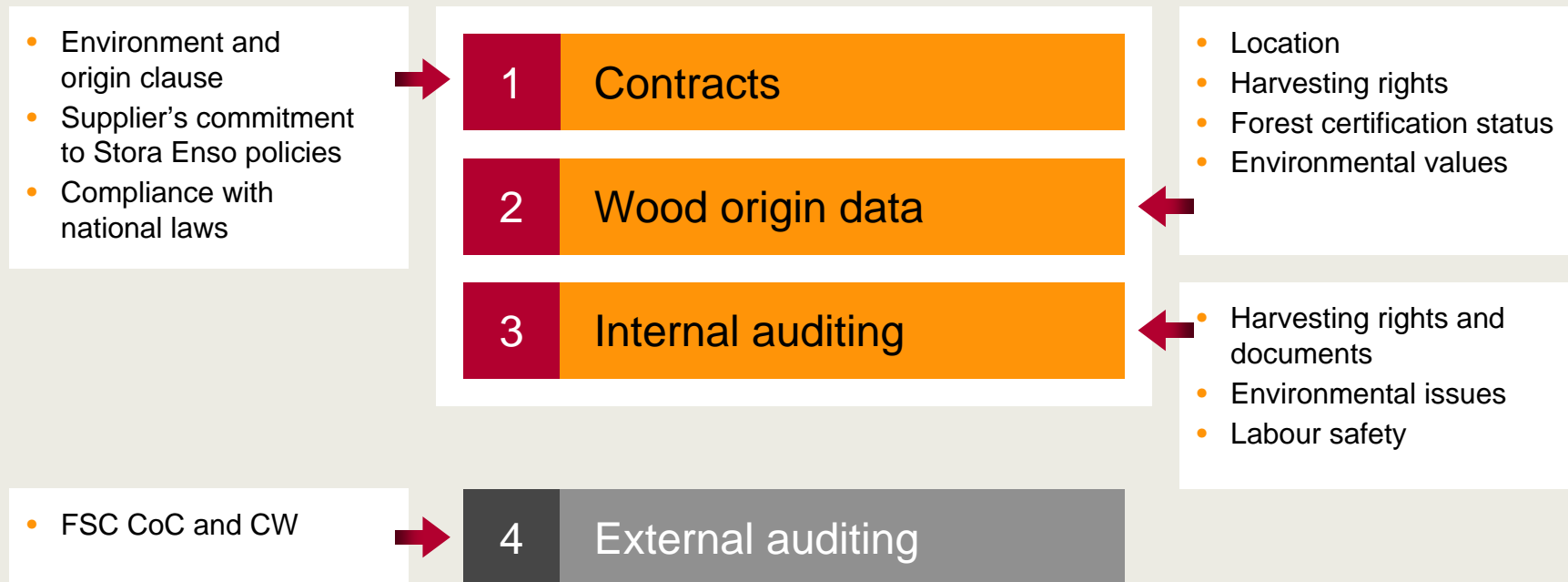
- Promoting sustainable forest management and forest certification
 - The share of certified wood 60% in 2007
- Wood sources are legal and acceptable
 - All wood is traceable back to origin
 - Over 90% of the volumes are CoC/CW verified
- Third party certified environmental management systems and OHS-systems



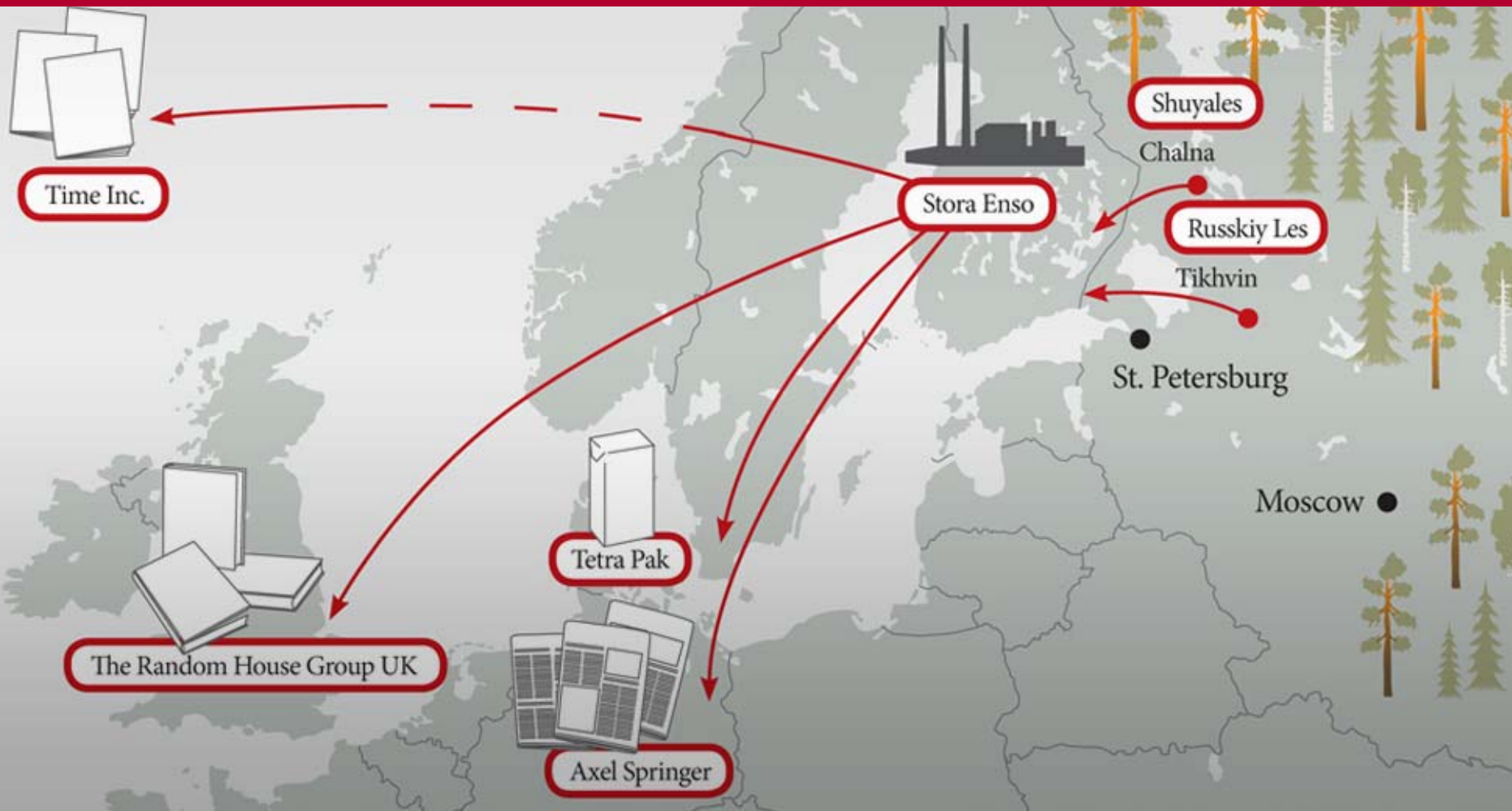
Wood from Russia



Our Traceability System in Russia



Tikhvin-Chalna Project

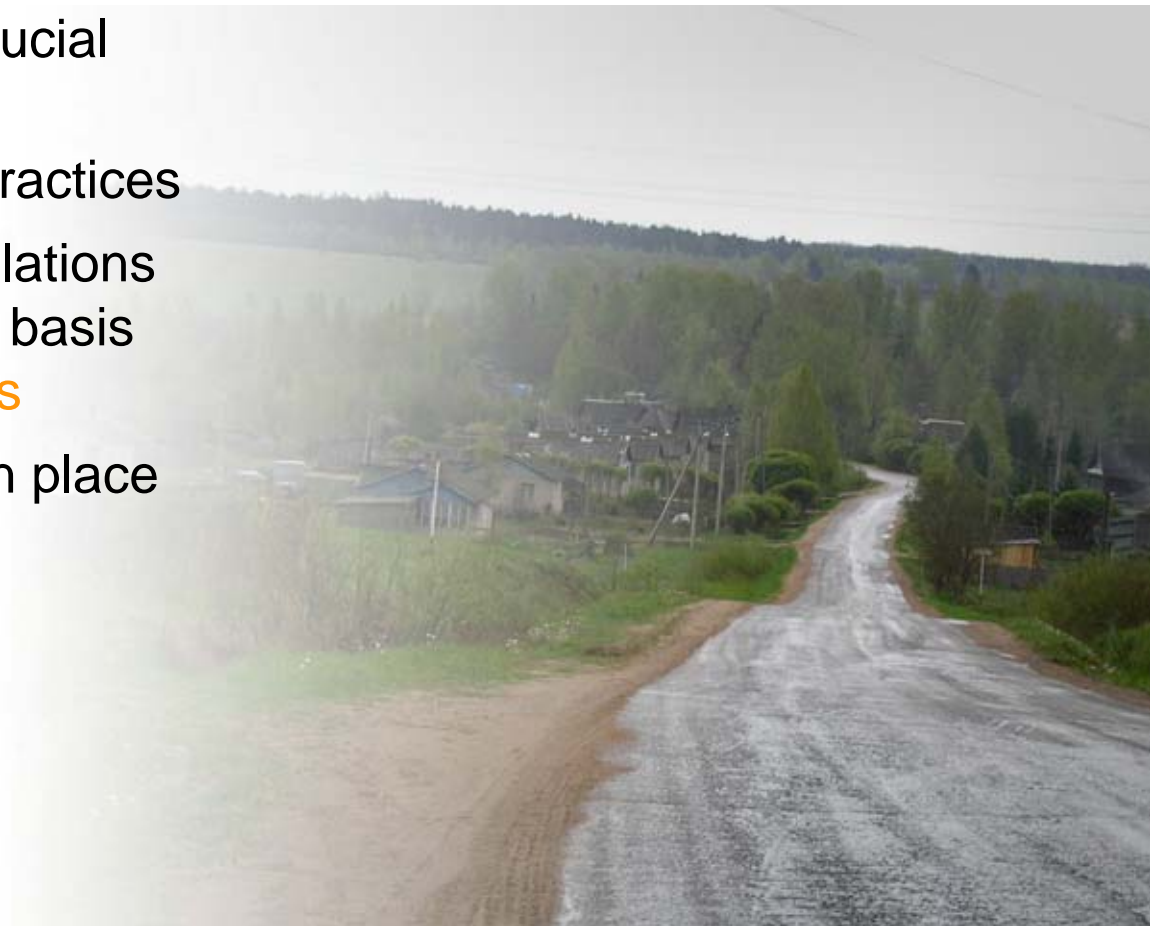


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Business Practices

- **Acceptability of wood** is crucial
 - Legality of wood
 - Integrity of business practices
- Preventing fraud, legal violations and corrupt practices is a basis for the **integrity of business**
- **Traceability systems** are in place to combat illegal logging



Ruskiy Les –Business Practices

To ensure the legality of wood and the integrity of business practices, Ruskiy Les carried out

1. A gap analysis of the management system
2. Risk assessment of business activities
3. Participated in the update of Stora Enso guidelines
4. Implemented IT-systems and technical tools for monitoring



Russkiy Les – Business Practice Review

	Assessment in Dec 05	Assessment in Sept 06
Awareness / documentation of laws and regulations	G	G
Risk mapping /evaluation	S	G
Policies, guidelines, definitions	N	G
Objectives and targets	S	G
Organisation/responsibilities	G	G
Overall process description	N	S
Work instructions	S	G
Training of employees	S	G
Supplier /contractor management	G	G
Equipment & facilities	G	G
Performance indicators	S	S
Internal and external reporting	S	G
Internal auditing/ inspection	G/E	G/E
External auditing/verification	G	G

N = Nonexisting or insufficient, S = Satisfactory, G = Good and E = Excellent

Ruskiy Les – Business Risk Assessment (1/2)

Activities	Potential risks	Risk prevention measures
Applying for business licence (every 3–5 yrs)	Improper payments in licence application processes	Documents and payments prepared, checked, and approved internally according to an established procedure
Participation in forest lease auction	Possible unfair competition; improper payments to participate in auction.	Clear policy and established procedure to prepare, check, and approve documents and payments
Marking & preparing harvesting sites; postharvest inspection	Mistakes in marking or preparing harvesting site; unofficial payments during inspection	Internal unit to mark & prepare harvesting sites; established procedure for Payments
Wood harvesting	Violation of forest management plan & forestry regulations; wood theft	Several authorities inspect & crosscheck; internal checking of harvesting sites & documents; cross-check of logging and transport reports & fuel consumption; GPS system tracks vehicles to prevent fraud and to increase security of employees; security services
Forest regeneration	No planting materials or services from public authorities stipulated in lease agreement create additional costs or endanger future forest user rights; violation of regulations	Public and internal control; repeated reforestation whenever needed based on density and condition of young stands
Buying/leasing of equipment	Improper payments to customs officials for imported equipment; incorrect purchasing contracts & payments	Equipment channelled through Stora Enso; centralised tendering & purchasing; written contracts, invoices, and payments in compliance with laws & approved budgets; payments checked and approved using established procedure; use of long-term contracts

Ruskiy Les – Business Risk Assessment (2/2)

Activities	Potential risks	Risk prevention measures
Purchase of repair & maintenance, roadbuilding, and woodhandling services	Improper use of personal relationships in tendering and contracting	Centralised contract management; proper tendering, written contracts, invoices, and payments in compliance with laws; payments checked and approved using established procedure; use of long-term contracts
Wood transport (with company equipment)	Fraud by employees selling fuel or wood from company trucks	GPS system tracks harvest & transport vehicles; cross-checks between different departments & documents
Wood measurement	Intentional and unintentional errors	Use of international, verified measuring company
Accounting & reporting (partly by Wood Supply Russia)	Mistakes in accounting or taxation, as well as bribery and fraud	Standard accounting systems, approved & compatible with those of Stora Enso; no cash transactions; payments checked and approved according to established procedure; effective internal audit

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Committed to Sustainability & Continuous Improvement

