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**ENA FLEG Ministerial
Conference**

Private Sector Perspective

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World Business Council for
Sustainable Development



Objective

To present forest company perspectives on most effective strategies and actions to combat illegal logging and illegal forest products trade, based on:

- Joint position paper WBCSD & ICFPA**
- The Forests Dialogue 2-3 November 2005**
- Stora Enso practical approach**





Organisations

WBCSD, The World Business Council for Sustainable Development, a coalition of 178 international companies, including forestry and forest products, united by a shared commitment to sustainable development.

ICFPA, The International Council of Forest and Paper Associations, is comprised of trade associations in 43 countries representing industries accounting for more than 90 % of the world's paper and more than 50 % of the world's wood production.

Stora Enso, a global market leading producer of publication and fine papers, packaging boards and wood products, used 46 million m³ of wood (solid under bark) in 2004.





Illegal Logging & Trade

- **A very serious and high priority issue for international forest industry**
- **Undermines sustainable forest management and creates market distortions**
 - Negative environmental & social impacts
 - Unfair competition by depressing prices & profitability
 - Damages industry reputation, undermines market acceptance and encourages product substitution





WBCSD and ICFPA joint position

The Ministerial Declaration:

- **Clearly define the scope of ENA-FLEG: nations, problems and stakeholders.**
- **State that law enforcement is a government function.**
- **Recognize national sovereignty over natural resources and use.**
- **Reflect the importance of**
 - **Well-defined and full respect for property rights, in particular private rights.**
 - **Clear requirements and obligations for land tenure and use rights.**
 - **Transparent processes for allocating and pricing of harvesting rights.**
 - **Clear and unambiguous legal definitions and regulations. e.g. no conflicting regulations over forest management and resources use.**





WBCSD and ICFPA joint position

The Indicative Action Plan:

- **Recognize difference of activities in/beyond the direct control of business.**
- **Appreciate stakeholders' respective roles but promote collaboration.**
- **Existing legislation must be enforced and enforcement agencies deployed to direct actions against criminal activities.**
- **Existing legislation must be reviewed before considering additional laws.**
- **The imposition of legality licensing regulations or the use of Government procurement policies must be avoided as primary response mechanisms.**
- **It is important not to burden legitimate business and hamper it's competitiveness against illegally sourced products or substitute materials.**
- **The priorities must be to implement response strategies that are cost effective, just, timely and achieve the intended objectives**





WBCSD and ICFPA joint position

The Indicative Action Plan

- Enable and stimulate the use of a “tool kit” of flexible, cost effective solutions:
 - Geographic Information System (GIS)
 - Environment Management System (EMS)
 - Responsible Purchasing policies
 - Tracking/Tracing Systems
 - Forest certification
 - Chain-of-custody for certified sources
 - Codes of Conduct
 - Company Sustainability Reporting
 - Independent 3rd party Auditing and Certification





The Forests Dialogue November 2-3 2005

Some important statements:

- Partnerships between responsible forest industry and civil societies have led to innovation and best practice. However, this is not a substitute for comprehensive government action.
- More regulation without addressing corruption leads to further corruption and fraud.
- Provide positive incentives for forest business with a proven track record.
- Support the markets for legal and sustainable forest products in ways which avoids penalizing legal operations.



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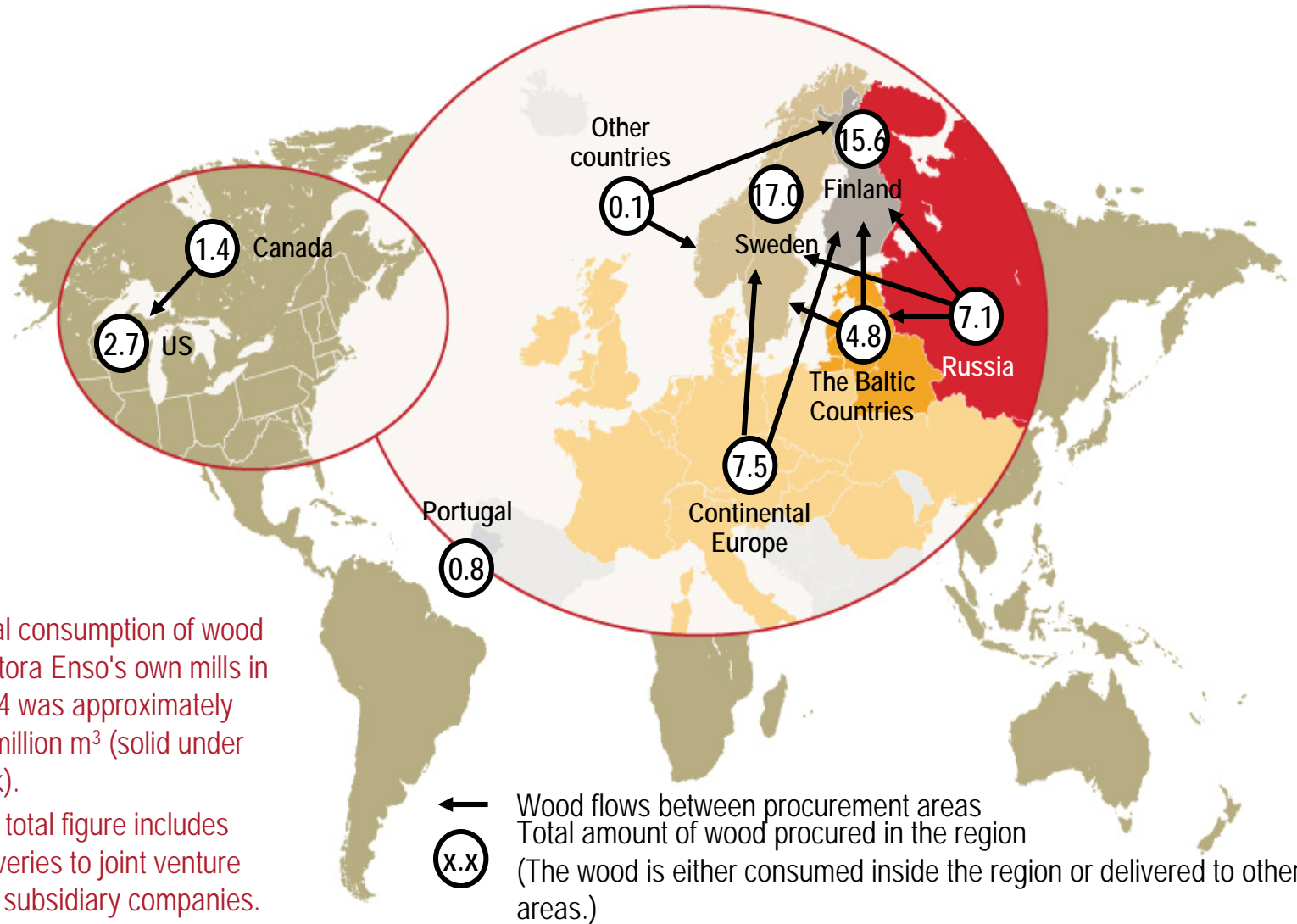
Joint action WBCSD - WWF

- **Collaboration WBCSD - WWF under Framework Agreement**
 - Pilot project looking for practical solutions to real issues i.e. Latvia case study
 - Refined thinking on the term of illegal logging – sourcing, harvesting & trade
 - Joint statement for the The Forests Dialogue (TFD)



Major wood procurement areas

measured in million m³ solid under bark (sub)



Total consumption of wood in Stora Enso's own mills in 2004 was approximately 46 million m³ (solid under bark).
 The total figure includes deliveries to joint venture and subsidiary companies.

Legality of wood – Stora Enso position



- Stora Enso actively works to combat illegal logging wherever the Group operates. Stora Enso also acts to prevent any other illegal activities related to the wood supply. Where Stora Enso cannot directly prevent such illegal incidents, the Group co-operates with the authorities and other stakeholders in order to improve the working environment.
- **Illegal logging** = Wood harvesting in violation of national laws and state laws

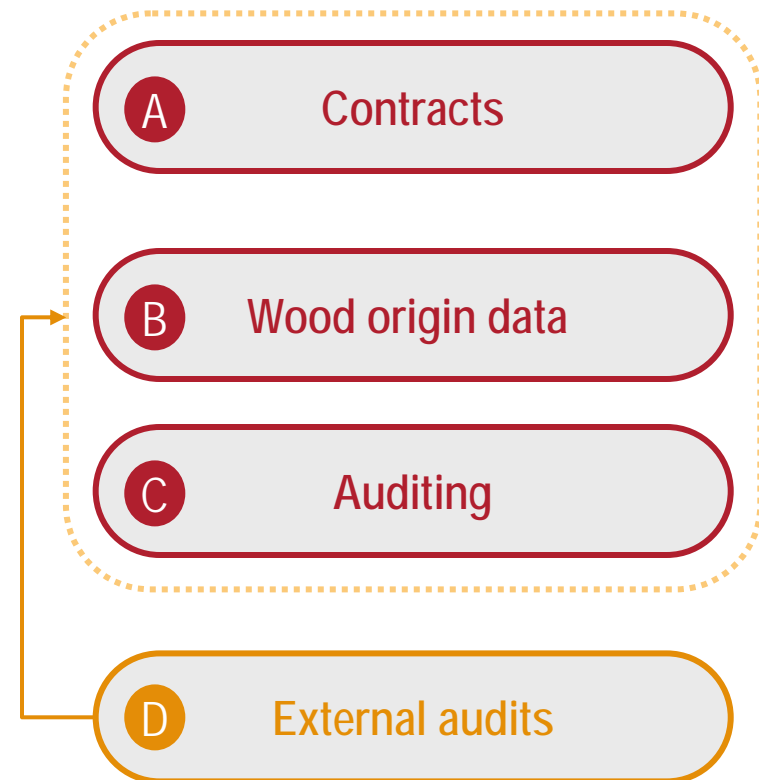
Stora Enso Wood Supply strategies to ensure legality



- Assurance of the origin and legality of wood is an essential part of Stora Enso's wood procurement principles and practices
- Recognize and analyse the risks related to legality and sustainability
- Focus on long term partnerships and investments
- Have local representative network
- Increase own logging and keep the supply chains short
- Offer training and cooperation to promote supplier's performance
- Implement third party verified traceability and CoC systems
- Engage in stakeholder dialogue and projects (Examples Russia):
 - Pskov Model Forest (WWF, SIDA, Stora Enso, etc)
 - Tikhvin project (Customers, suppliers, NGOs, Stora Enso)
 - Vologda project (WWF, Stora Enso, suppliers)

Traceability – important tool in documenting and verifying wood origin

- Traceability systems
 - Cover all wood flows
 - Verify wood origin
 - Verify compliance with corporate policies and national legislation
 - Can be third party verified through EMAS, ISO 14001, Chain-of-Custody, Controlled Wood Verification





Summary

- **Law enforcement is a government function.**
- **Don't impose regulations on legitimate business that will hamper its competitiveness.**
- **Work together with different stakeholders to find the most cost efficient and effective tools.**

