



GARDE
Global Alliance for Responsibility, Democracy and Equity



**Raising awareness of CSR instruments and building capacity in CSOs and
Trade Unions in selected new member states**

CSR convergence monitoring

Case study report:

Stora Enso Mets Ltd.

Elaborated in co-operation with Estonian Fond for Nature - Eestimaa Looduse Fondi

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The Environmental Law Service - Ekologický právní servis

1. Description of the company

1.1. Company name

Stora Enso Mets Ltd.

1.2. Is it a daughter company? If yes, what is a mother company?

The company belongs to Stora Enso Group (mother company is Stora Enso Oyj). The mother company's head office is in Helsinki, Finland. It also has an international office in London, United Kingdom and head office functions in Stockholm, Sweden.

1.3. Who owns the company?

Stora Enso Mets belongs to Stora Enso Oyj.

At the end of 2004 the mother company had approximately 76 000 registered shareholders, of which about 47 000 are Swedish shareholders. The largest single share-holder in the mother company is the Finnish State.

1.4. Is this company contractor, subcontractor, supplier, licensee or distributor of transnational corporation?

Please, fill this section in case the company that is object of this questionnaire is not a transnational company itself

The role of Stora Enso Mets in Stora Enso Group is to be a supplier of wood.

1.5. Subject of company's business

Stora Enso Mets is a wood procurement organization, whose main activities include purchase of standing forest and round timber, as well as forest management.

2. Positive or negative company behavior

Please mark one of the two possibilities according to what the case is about. In case of company pro active implementation of CSR and behavior with legal conformity, select "positive". In opposite case, please select negative.

positive negative

2.1. In case you ticked off "positive", please describe, what kind of positive impact the company has.

In order to ensure that the wood, used in production of the company, is produced in legal and sustainable way, Stora Enso Mets requires from their suppliers more water-proof documentation compared to Estonian Forest Act to prove the origin and legality of timber. Stora Enso Mets has also obtained FSC chain-of custody certificate. The company therefore fulfils the standards, announced on the corporation's webpage, concerning wood procurement.

- set of environmental principles (Principle on GMO, Principles for Implementation of Environmental Management Systems, Transport Environmental Principle)⁶
- Wood procurement principles⁷
- Forest certification principles⁸

Regarding the forest certification principles, Stora Enso proclaims that:

- I. Credible forest certification systems must:
 - take into account national and regional characteristics such as natural conditions, forest ownership structures and legislation, to ensure they are widely applicable;
 - formulate certification criteria through open stakeholder dialogue;
 - include social, economic and environmental aspects in criteria;
 - promote continuous improvements, through procedures similar to those used in Environmental Management Systems;
 - require independent third party audits.
- II. Stora Enso supports the mutual recognition of credible forest certification systems.
- III. Forest certification systems should complement the environmental and quality management systems used in wood procurement.

6. Breach of CSR policy

In case you ticked off "positive" at question number 2. of this form, please jump to the question number 11. of this form

6.1. Does company breach its own CSR policy?

Please, be specific. Make a list and describe what is the reason, the company is breaching the CSR policy.

6.2. Have you asked the company to fulfill its CSR provisions?

7. Breach of OECD Guidelines

In case you think that the company doesn't breach OECD Guidelines, please jump to the section 8. of this form.

7.1. Does the company breach OECD Guidelines for Multinational Enterprises?

7.2. What article was breached?

7.3. Did you file a complaint to the National Contact Point?

⁶ http://www.storaenso.com/CDAvgn/main/0,,1_-3194-3628-,00.html

⁷ http://www.storaenso.com/CDAvgn/main/0,,1_-6208-2069-,00.html

⁸ http://www.storaenso.com/CDAvgn/main/0,,1_-6115-13367-,00.html

7.4. Does CSOs in your country know about existence of National Contact Point?

7.5. Does National Contact Point have a web site?

7.6. In case of positive answer to previous question, please make a list of information published on the National Contact Point web site.

7.7. Have you asked the company to respect OECD Guidelines?

8. UN Global Compact

Please, be specific. Make a list and describe what is the reason, the company is breaching the UN Global Compact.

8.1. Does the company or it's mother company supports the UN Global Compact? means: is listed as a company supporting the UN Global Compact?

Yes, the company's mother company Stora Enso Oyi is listed as a company supporting the UN Global Compact (joined 2002/03/07) and the mother company stresses it's support to the UN Global Compact in it's annual reports, explaining how the principles of UN Global Compact have been realised.

8.2. Does company breach the UN Global Compact?

No information about breaches of UN Global Compact has been available for us. However, the present report is limited with issues of environmental responsibility and does take no responsibility, regarding other fields of human activities.

9. Legal aspects of the case

9.1. Is there any breach of national law?

Please be precise

9.2. Are there any legal steps that your organization or any other organization or individual person have done to oppose the unlawful behaviour of the company?

9.3. Have you been already successful with your legal objections?

9.4. What was the company's reaction to the legal steps that have been done?

9.5. Are there any other occurrence of violations of the legal framework besides of the description of this case?

9.6. In case of positive answer to your question, please specify if there had been any judicial or administrative proceedings against the company? (in case you are not sure about the answer, don't answer this question)

10. Public awareness to negative impacts

10.1. Is general public informed about the case, about the company

10.2. Who oppose the company activities (local community, NGOs, TUs?)

10.3. What are the results of NGOs, TUs, or local community advocacy?

10.4. What was the attitude of public authorities?

11. Socially or environmentally responsible behaviour

In case you ticked off "negative" at question number 2. of this form, please jump to the question number 13. of this form

11.1. Is the positive activity done according to what the company officially proclaims as general CSR policy valid for or its activities, or does the company do it only in your case?

The positive activity is done according to company's official promises. Stora Enso Group is acting as an integrated company, applying all the criteria of activities to all production units, regardless of their location. In Estonia there are 4 sawmills belonging also to Stora Enso Group, of which two have also obtained FSC chain-of-custody certificate.

11.2. Was there any external pressure (NGOs campaign, community resistance, governmental initiative?) to develop a CSR strategy in this case?

According to our information, the reason for obtaining the FSC certificate, was commercial pressure (not pressure from community, NGOs or other similar groups).

12. Benefits for the company

In case it is easy for you to ask directly company's representatives to help you to answer this questions, please do it... In case, you don't have enough information, please try to estimate and add to your answer: "estimation".

12.1. Is there any direct benefit for company from having higher standards?

According to the representatives of StoraEnso Mets Ltd, Mr Tust⁹ and Mr Zudrags¹⁰, there is no direct benefit for the company. For the company, the main reason for certification according FSC standards was Stora Enso internal customer demand and until now the company has not received any direct benefit from having the certificates and higher standards.

12.2. Is there any indirect benefit for company from having higher standards?

According to the representative of the company, the main indirect benefit is positive impact to the image of the company. The attitude inside the company can also be affected as the knowledge that company has FSC-certificate is working as disciplinary measure for the workers. The company has gained certain internal order from certification process as well as more systematic approach to environmental issues handling. The company has

⁹ An interview with Mr Tust was carried out on 13th January 2006.

¹⁰ An e-mail interview with Mr Zudrags was carried out on 18th January 2006.

also got valuable feedback on the potential improvement areas from third party independent auditors.

12.3. Is there any positive reaction from the site of general public, state representatives, communities, individuals?

There has been almost no positive reaction from the state representatives and communities. Generally the company feels no positive nor negative reaction from the state or public. However, lately more positive reaction has come from NGOs and the company has been main cooperation partner from forest business sector to environmental NGOs.

13. Relation to public authorities

13.1. Does local, regional, national government or EU Commission support the company in activities happening in your country?

No information about such support has been discovered by us.

13.2. Is there any connection between the company and local, regional or national government?

There is no connection between the company and the local, regional or national government.

a) formal

for example a contract

b) informal

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