Knowing the origin of Russian wood –
Ensuring legal and sustainable wood sourcing

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UPM, Environmental Forestry Affairs

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Policies on Trade in Timber and Timber Products
Russia's forest resources

- 22% of world's forest resource
- 60% are estimated to be productive
- boreal conifer dominated forest
- forests are owned by the state
- licences to use forests are given to harvesting companies
- annual felling about 30% of sustainable annual allowable cut
- one of world's largest producers and exporters of industrial round wood
- source of many other products: wild berries, mushrooms, medicinal plants, honey and game meats
UPM tools for legal and sustainable sourcing

**UPM’s internal requirements & checks:**
- UPM policies and guidelines
- UPM global biodiversity programme
- Origin of wood tracing system
- Supply contract & conditions
- Supplier audits & questionnaires
- Field checks of logging sites
- Forest management plans & official documentation
- Best forestry practices

**UPM’s use of international tools:**
- Forest certification & CoC
- ISO & EMAS management systems
- EU Flower
UPM supplier criteria

Reliable wood supplier:
- Adheres with national (local) law, regulations given by authorities
- Has a legal right to sell the timber
- Knows the origin of delivered wood to UPM and provides the required info
- Acting according to UPM's policies and guidelines
- Follows the principles of sustainable development and continuous improvement

The aim => long term cooperation
Origin of wood tracing system in Russia since 1996

3 main elements

- Statement of Origin
- GIS mapping system and database
- Supplier audits and logging site check
### Statement of origin

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Contract number</th>
<th>Contact person</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To which quarter in 20___ the statement of origin refers:

<table>
<thead>
<tr>
<th>Timber assortments supplied in 20___:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• pine log</td>
</tr>
<tr>
<td>□ pine pulpwood</td>
</tr>
</tbody>
</table>

**Supply chain**

<table>
<thead>
<tr>
<th>Wood delivery chain (logging licence holder / Logger / Supplier)</th>
<th>Name and code of loading terminal or port</th>
<th>Region / Republic in Russia</th>
<th>Forest Management Unit (Leasehold)</th>
<th>Forest Management Area (Leasestand)</th>
<th>Map grid reference (forest declaration)</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Legal documentation data & volume coverage**

<table>
<thead>
<tr>
<th>Map grid reference cross-checked with legal felling documentation</th>
<th>Selling licence (forest declaration)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Date</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Legal owner of wood supplied**

UPM

Date: 200___

Leader of the supplier’s company: ________________________________

The origin report must be filled and sent to the address above within one month from the start of the deliveries. The origin information is valid for three months. Whether new sites will come up for felling, they have to be reported separately with a new origin report. In case no origin report will be received, the purchaser has the right to stop the wood deliveries!!!
Forest level information to statement of origin

Map grid reference
Compartment number
Regeneration type
e.g. spruce planting
Felling year
Felling size (5 ha)
Supplier audits – checking reality in the forest

Click on the red dots to see photos from the audit.

Dead trees have been retained on this site. They are providing a habitat for Hoof fungus and Razor-strop fungus. Decayed wood is important for biodiversity.
The table below provides information on UPM Forest Russia Supplier Audits for the years 2005-2007:

### UPM Procurement in Russia, mill. m³
- 2005: 5.7
- 2006: 5.2
- 2007: 5.0

### UPM Exports to Finland, mill. m³
- 2005: 4.4
- 2006: 4.3
- 2007: 3.9

### No. of suppliers
- 2005: 200
- 2006: 351<sup>1</sup>
- 2007: 398<sup>1</sup>

### Supplier audits and logging site checks
<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers audited</td>
<td>112</td>
<td>150</td>
<td>134</td>
</tr>
<tr>
<td>Logging site checks</td>
<td>235</td>
<td>252</td>
<td>236</td>
</tr>
</tbody>
</table>

### % of volume from audited suppliers
- 2005: 80
- 2006: 85
- 2007: 76

### % of delivered volume covered by statement of origin
- 2005: 97
- 2006: 99
- 2007: 99

### Origin of wood documentation, %

<table>
<thead>
<tr>
<th>Type</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>- good</td>
<td>-</td>
<td>86</td>
<td>83</td>
</tr>
<tr>
<td>- satisfactory</td>
<td>-</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>- poor</td>
<td>-</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>- unacceptable</td>
<td>1</td>
<td>1</td>
<td>1&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

### Logging site assessment, %

<table>
<thead>
<tr>
<th>Type</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>- good</td>
<td>80</td>
<td>66</td>
<td>69</td>
</tr>
<tr>
<td>- satisfactory</td>
<td>20</td>
<td>34</td>
<td>31</td>
</tr>
<tr>
<td>- poor</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- unacceptable</td>
<td>0</td>
<td>0</td>
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</tr>
</tbody>
</table>

<sup>1</sup> Since 2006, in addition to the Finnish mills, the supplier audits, have covered wood supply to UPM's Russian mills.

<sup>2</sup> Three contracts were terminated in 2007.
Partnership projects: Tracing Russian Wood

Welcome to Tracing Russian Wood!

Many of the products we see around us at home, at the office or in our leisure time are made of wood. Russia has the largest forest resources in the world and it is likely that one of those products contains some Russian wood fibre. But how do we know, and is the wood from a sustainable source?

This internet site explains how UPM traces the origin of Russian wood. You can also hear the views of our stakeholders on our system and about the importance of sustainable forestry to the people and development of Russia.

The site is the result of cooperation with two of UPM’s customers: Axel Springer, Otto and the Guardian Media Group. Valuable contributions were received from Greentwice Russia, The Russian Ministry of Natural Resources, Det Norske Veritas, ZAO FIKRO and Professor Matri Kerikkainen of Joensuu University.

Taking Responsibility Together

UPM’s “Taking Responsibility Together” focuses on economical, ecological and social quality in relation to wood production in Russia.

www.upm-kymmene.com/traceit
Summary

- UPM wants to demonstrate legal and sustainable logging
  - Legal requirements
  - Company policy and guidelines
  - Market demands

- UPM has developed several tools for verifying the legality and sustainability of wood

- Partnership projects create transparency and confidence in the supply chain from forest to final product
FORESTRY & WOOD SOURCING
Visit our forestry WebPages

www.upmforestlife.com

www.upm-kymmene.com/sustainableforestry

www.upm-kymmene.com/traceit