

Comments of the Forest dialogue participants regarding FSC certification process development:

Oksana Pomysova, Head of the rural settlement of Spasorub (Priluzye district):

We are just approaching the optimal level of interaction on social topics with logging companies. Luzales conducts its operations at our area. The whole history of cooperation with this company could be divided into three stages, to my opinion. At the first stage we solved conflicts as they arose. And the company responded to our requests. Step by step, we came to the common understanding, and so the second stage of cooperation started. The relations changed drastically, when in 2016 FCS certification consultants from all over Russia, who participated in the workshop in Komi, visited us and identified all our “painful” points. Their visit resulted in a trilateral meeting with the Luzales management, experts and local residents involved, and each of the parties got a chance to speak out. The experts’ comments and estimates helped the local residents to understand that Luzales has to take their interests into account, while the company is to pay a closer attention to the requirements of the local community. And in February this year we reached the third stage of interaction – long-term cooperation, which served as the foundation for the Social Partnership Agreement to be signed.

Andrey Piy, deputy director of Luzales:

We could speak about the system of social indicators of FSC certification for long, but I would like to dwell upon particular examples of the huge work that Luzales did with the local population and organizations to involve them in the discussion of the top priority forest exploitation investment project. In July last year the company announced its intention to prepare and implement an investment project related to forest exploitation. Now the company harvests 834 thousand cubic meters of wood, but as soon as the project is launched the harvesting volume will exceed 1,600 thousand cubic meters.

The project agreement process consisting of various phases, at which recommendations and requirements were given to us about how to exercise the rights and interests of the locals, took from July 2016 to May 2017. There was a public hearing by the committee at the Komi Republic Ministry of Industry at that period, the project was also discussed in rural settlements of the municipal district, such as Spasorub, Loyma, Kyzdavidz, Porub, and others. At the hearing the company provided information to the population interested and obtained a lot of feedback. A costly awareness project was also launched in the local media. The project went through the stakeholder approval process at all forest areas up till February this year, and consultations with social organizations were arranged respectively. Finally, in February, a long-term forest lease plan was adopted. And only on 10 May the project was approved at a special meeting of the committee at the Komi Republic Ministry of Industry. Now, we will have to provide it to the Federal Forestry Agency, and then to the Russian Ministry of Industry and Trade. If the authorities consider the project a top priority one, it will be fully implemented.

After that we will have to perform the third stage – we will operate under this project in Udora, Koygorodok, Kortkeros and Ust-Kulom districts, and we will have to build cooperation with the population in these areas as well. It is true that we are challenged sometimes, but anyway we try to meet the certification requirements, find common understanding with environmental and public organizations, listen to the voices of the local population, and in the future we are planning to stick to social priorities in our production activity.

Sergey Slastnikov, director of Sorvizhi-Les (Sorvigi, Arbazh district, Kirov region):

Our company was registered in 2003. It is a small business, as the company's headcount is 80 people. We took a decision to introduce forest management certification in 2008. At the beginning, we certified our logging and wood processing activities, and in 2013 included aspects related to collection and processing of non-wood resources to our certification scope.

We have always known that apart from commercial benefit it is necessary to improve local people's living conditions. When a company's owner lives at the same area where the company operates, spending on social aspects means improving own living standards. So, I wouldn't be afraid to say that local population is the owner of our company.

When forest areas were obtained for lease, we had to decrease the annual wood logging volume 1.5 times to ensure our activity is possible in the long-term perspective and to meet forest management certification standards. That, of course, means additional costs, but now we understand that at the areas managed by us the share of ripening softwood plantations is growing, thus, as part of our wood processing plan, we ensured enough raw material for our goods to be produced for our generation and for our children. Wood harvesting volume reduction is also important to ensure further processes of collection and processing of non-wood forest resources.

The company's resources are always limited, we knew that, and we started thinking how we can influence the situation to improve living conditions in the populated areas located where we pursue our interests. We came to the conclusion that our presence is necessary at all levels of representative bodies – from district to settlement ones. And today, in all settlements, we make the population aware of our plans with the help of deputies of settlement and district councils.

We have joined the local initiative support project. The idea of the project is that projects aimed at improvement of life in populated areas are initiated via councils. Then, general meetings are held, with an investor – the Russian Regional Development Bank – participating in them. After that, design documentation for each populated area, for each project, is prepared. Finally, the projects compete to be selected. What are the selection criteria? The population partnership share (how much the locals are ready to invest in these projects), the interest share of sponsoring companies located in that area, social significance of the project are taken into account. Based on that decisions are taken, joint groups are arranged to control spending and quality of project activities.

For the last 5-7 years we have been implementing such projects in the populated areas under our responsibility. We build roads, including the ones with asphalt pavement, improve street lighting, rebuild water pipelines, and repair social facilities. For example, this year we will implement a minor project in the settlement where the office of the company is located. The population collected 78 thousand rubles, the company is adding 123 thousand rubles, while the regional government will allocate 500 thousand rubles. As a result, the local rural cemetery will be improved.

Elena Styazhkina, first deputy head of the Ust-Kulom district administration:

Forest certification is gradually entering Ust-Kulom district, as well as the whole republic in general. Certificate holders are Mondi Syktyvkar, SLDK, Severo-Zapadny Lesnoy Terminal. Komilesbiznes holds a supply chain certificate.

One of the indicators proving compliance with certification requirements is timely payment of salaries, taxes and other fees. Contractors holding certificates – NefteGazEnergoStry, TLK, TLK Forest, Mostootryad – are on

the black list. They are all Mondi Syktyvkar's contractors. The indicator related to timely salary payment should be added with another condition – officially declared salary, to my opinion. I think so, because illegal dismissal and envelope salary have become really acute issues so far. A good example is the recent situation in the rural settlement of Zimstan, where Mondi Syktyvkar's contractors work. The latest decision taken at the general residents' meeting was to kick Mondi Syktyvkar's contractor away and to bring Mondi Syktyvkar's division back, and it shouldn't be left without any consideration by either Mondi Syktyvkar, or the auditors. We understand that the decision has no legal force, but the district administration serves as a third party that considers the interests of both the employees, and the companies.

Another hot issue is the place of registration of companies operating in the district. As this issue is not controlled by the Federal Tax Service, I suggest introducing mandatory registration and payment of taxes, in particular, personal income tax, to the local budget at the area of economic activity as one of the indicators to meet the FSC certification standards.

Mondi Syktyvkar annually allocates funds for district economy development and creation of new jobs under the social and economic partnership agreement. For instance, the 2017 agreement stipulates allocation of 6.7 million rubles. Such funds to support small and medium businesses allow the district to attract additional financial support from the regional and federal budgets. As a result, the support increased from 300 thousand rubles in 2010 to 14 million rubles in 2016. Up to 90 workplaces have been created over the last five years. 35 self-employment projects have been started and are now on the right track.

I think it is necessary to inform the population about certification as much as possible, and to make them better aware of the FSC label and advantages of certified goods. Now, many small and medium-size companies ignore certification because of high costs. Today, certification is voluntary, and these are companies that have to be interested in it first of all. However, for local self-government bodies certification is one of the ways to protect the local population and environment for the future generations.

Yury Pautov, director of the Silver Taiga Foundation for Sustainable Development:

At the conference we discussed certification according to the Forest Stewardship Council (FSC) scheme. It is the oldest certification system effective from 1993, so it is the most widely spread one in the world. In addition to it there are approximately 100 national certification systems and one international system competing with FSC – PEFC. Previously, it was known as a pan-European system, and now it is called the Programme for the Endorsement of National Forest Certification Systems. This system is less strict, less demanding, but requires the same costs. As a result, many companies that fail to comply with tough FSC requirements start looking for alternatives, such examples abound. It is difficult to say what the outcome of the process will be, as the certification is mostly targeting the Western market. So, only the Western market can show which of the certification schemes will win the competition.