





## Content

1	Committed family business
2	CEO statement
3	Impacts of megatrends
4	Sustainability goals
5	Strategy, vision and values
6	Organization structure
7	Leading responsibility
7.1	Stakeholders
7.2	Sustainability themes
7.3	Key figures and taxation
7.4	Business Ethics
8	Meaningful work
8.1	Well-being and safety at work
8.2	Development and Training
8.3	Fees and employee benefits
8.4	Equality, diversity and place of residence
9	Healthy environment
9.1	Koskisen circular economy
9.2	Carbon Footprint
9.3	Energy
9.4	Water
9.4.1	Cleaning of Kärkölä ground water
9.4.2	Hähkjärvi
9.5	Emissions
9.6	Waste
9.7	Transportation and staff mobility

9.8	Sustainable forestry
<hr data-bbox="169 358 1426 362"/>	
10	Fair partnerships
10.1	Customers
10.1.1	Products and services
10.2	Forest owners
10.3	Suppliers and subcontractors
10.4	Advertising and Marketing
10.5	Social dialogue and networking
10.5.1	Sponsorship and support activities

## 1 Committed family business



# Committed family business

Koskisen is a century-old family business that is committed to wood. Our goal is to grow profitably as a family business by producing high-quality products and services to a wide range of customers. Commitment means long-term responsibility to us and it is reflected in our everyday work and in everything we do.

The third and fourth generations of the Koskinen family have taken an active role in developing the company, both through the board work and in operative roles.

## 2 CEO statement

# Koskisen Group in 2016

Growth continued for Koskisen Group in 2016. The Group's net sales totalled more than EUR 264 million, up nearly 7% from the previous year. Growth was seen especially in the two largest business units – Sawn Timber and Plywood. Operating profit in 2016 amounted to EUR 4.2 million, a clear decline from the previous year. Koskisen's processed wood products were delivered to 69 countries around the world. Exports accounted for 54% of the Group's net sales.

In 2016, operating profit fell short of the Group's targets in all business units. The profitability of the operations was burdened by operational factors and by the inflexibility in the market price of softwood logs in relation to the change in the global market prices for sawn softwood.

At the end of the year, Koskisen Group had 1,087 employees, more than 120 of whom were employed outside of Finland. The number of employees grew during the year, especially in the Plywood Industry following an increase in production volumes. In the employee satisfaction survey, the Group received a score of 3.69 (on a scale of 1–5), which is about the same as the previous year's score.

In October, Jukka Pahta was appointed Koskisen Group's interim Managing Director, and he will continue as the Group's ordinary Managing Director as of 1st of March, 2017.

The efforts to improve occupational safety continued in 2016, and resources were also reinforced. The Group's incident density was 35 (1 day incidents/million working hours). The outcome is clearly higher than the target, and a lot of improvements will be needed in the coming years.

Customer satisfaction was measured using the NPS tool, and in 2016 the outcome was 47. Customers especially appreciate the high quality of Koskisen's products and customer service.

During the year, investments totalling EUR 5.6 million were made, mostly consisting of replacement and upgrade investments in the plywood mill and the sawmill. The financial administration's IT system project was wrapped up and the Group's shared document management system was rolled out according to plan.

In 2016, Koskisen was granted the esteemed National Entrepreneurial Award by the Federation of Finnish Enterprises, as well as the Key Flag symbol by the Association for Finnish Work.

Overall, 2016 was a challenging year for Koskisen. Despite achieving net sales growth, the company's profitability clearly fell short of the previous year's figures and the set targets. Despite the underlying uncertainty factors, the recovery of the global economy is expected to continue, and this gives the company a good starting point for the future.

Customer satisfaction, continuous development of products and services and strengthening competitiveness through cost-effectiveness and correctly targeted investments will be the keys to Koskisen's success going forward.





### 3 Impacts of megatrends



## Impacts of megatrends

Koskisen operations have a solid base from the point of view of global megatrends.

Commitment to wood and its further processing supports environmental friendliness and usage of renewable raw materials.




The megatrends linked to our operations include:

- increase in the usage of renewable and energy efficient raw materials due to population increase
- the new services and solutions offered to aging population
- urbanization leading to new kind of forest owners and smaller household sizes
- digitalization leading to new digital services and applications
- talent management and professional development increasingly sources of competitive edge
- the expectations of consumers and investors on transparency and sustainability will be increasing

#### 4 Sustainability goals

## Sustainability goals

We've set the following goals for our sustainability efforts and we actively follow the progress of all of them.

	Progress as planned
	Progress deviates slightly from the given schedule
	Progress deviates greatly from the given schedule

2015	2016	Goal	Remarks
37%	47%	Customer loyalty NPS 50%	Goal review during year 2017
3,70	3,69	Employee satisfaction index by end of year 2017 and response rate 55 % 3	
-0,2%	+1,7%	Total energy consumption (kWh) relative to produced m3, annual decrease of 1%	
98%	97,6%	Share of biofuel exceeding 95 % of total energy consumption	
		Cleanliness of factory and operational areas; minimising the number of remarks during Elmer-rounds	
4,09%	4,17%	Sick leaves max 3% annually on long-term. 3,5 % by end of year 2017.	Group level metrics to be defined
41,5	42,1	Average age of personnel to decline	
-31,6%	-14,7%	The amount of sewage (m3/ produced m3) to decline 20 % from 2012 levels (goal as from 2015)	
37,5%	39%	The share of energy waste from total waste accumulated to exceed 50 % (goal as from 2015)	
30,9	34,7	Accident frequency (LTA1) max 17 / 1M working hours by end of year 2017	Metric swift from LTA4 to LTA1 during year 2016





## 5 Strategy, vision and values



## Strategy, vision and values

### Vision: Koskisen in 2020

Committed to Wood.

Our operations are based on the comprehensive processing of wood to bring value to our customers.

Our customers' needs steer our profitable renewal

We take care of business, personnel and the environment responsibly and in the long term.

### Our operations are based on values

#### Trust

We strive for open and honest operation with all stakeholders. This is what trust and mutual respect is based on.

Our operations are founded on long-term partnerships.

#### Creativity

We seek creative solutions to problems, and maintain a passionate outlook on new opportunities.

#### Courage

We try to bring up new viewpoints and development proposals. We do not shy away from unusual solutions.

## Performance

We continue to develop our processes to perform better. We think success should be earned every day.

## 6 Organization structure

# Koskisen Group structure

Our Group is completely owned by the descendants of its founder, Kalle Koskinen. The Group's parent company is Koskitukki Oy. All of our management services have been concentrated in the parent company, which also functions as the Group's wood procurement and energy business company.

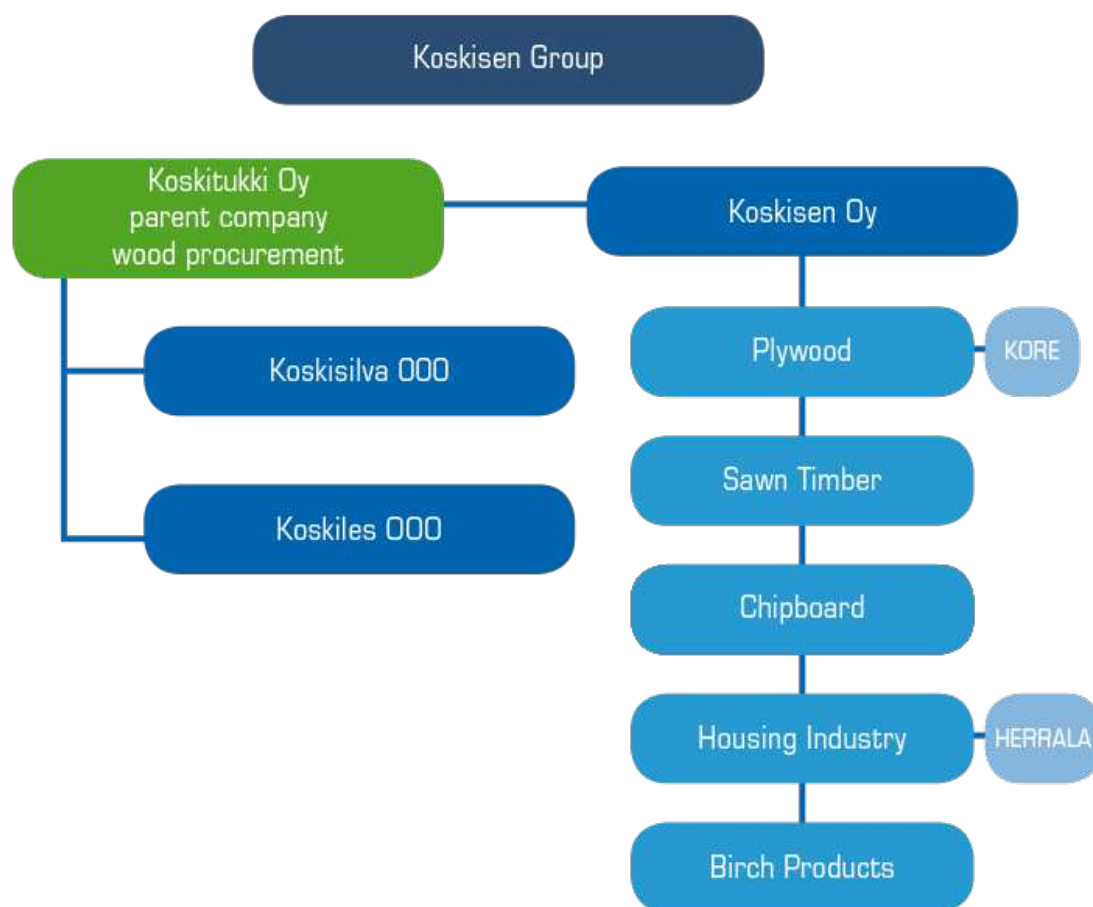
The most significant of Koskitukki's subsidiaries is Koskisen Oy, which is responsible for over 80% of the whole Group's turnover. All of our most important business functions have been concentrated in Koskisen Oy:

- Plywood industry
- Chipboard industry
- Sawmill industry
- Birch industry
- Housing industry

Koskisolva and Koskiles are Koskitukki's Russian subsidiaries. Koskiles is a transportation company based in St. Petersburg, Russia, managing wood procurement logistics. Koskisolva is a sawmill and forestry company based in Sheksna, Vologda.

Koskipower is a fully Koskisen-owned power plant.

Kosava-kiinteistöt is a property management company in Järvelä, Finland.





## 7 Leading responsibility

# Corporate values are at the core of responsibility leadership

We at Koskisen see corporate values as the core for sustainable operations. Our values are based on our long history, our attitude to work and our way of working with all stakeholders.

We want to be the trustworthy, a reliable partner with a face. Our operations are guided by the long-term thinking characteristic of family companies. We operate within the requirements of the law, regulations and the ISO 9001, OHSAS 18001 and ISO 14000 standards. We also follow the guidelines of the ISO 26000 social responsibility standard.

UN has declared 17 goals for sustainable development. Our operations are closely linked to the ninth goal, which refers to sustainable work with industry, innovations and infrastructure. Our sustainable forest practises and circular economy support life on land (goal 15) and we need to ensure close and long-term co-operation with our partner network (goal 17)



We favor straight-forward decision-making, we are committed to our employees and understand the importance of their well-being for the company's operations. There is a strong desire to focus on developing our employees' expertise by, for example, actively using apprenticeships. Well-being at work is extremely important to us.

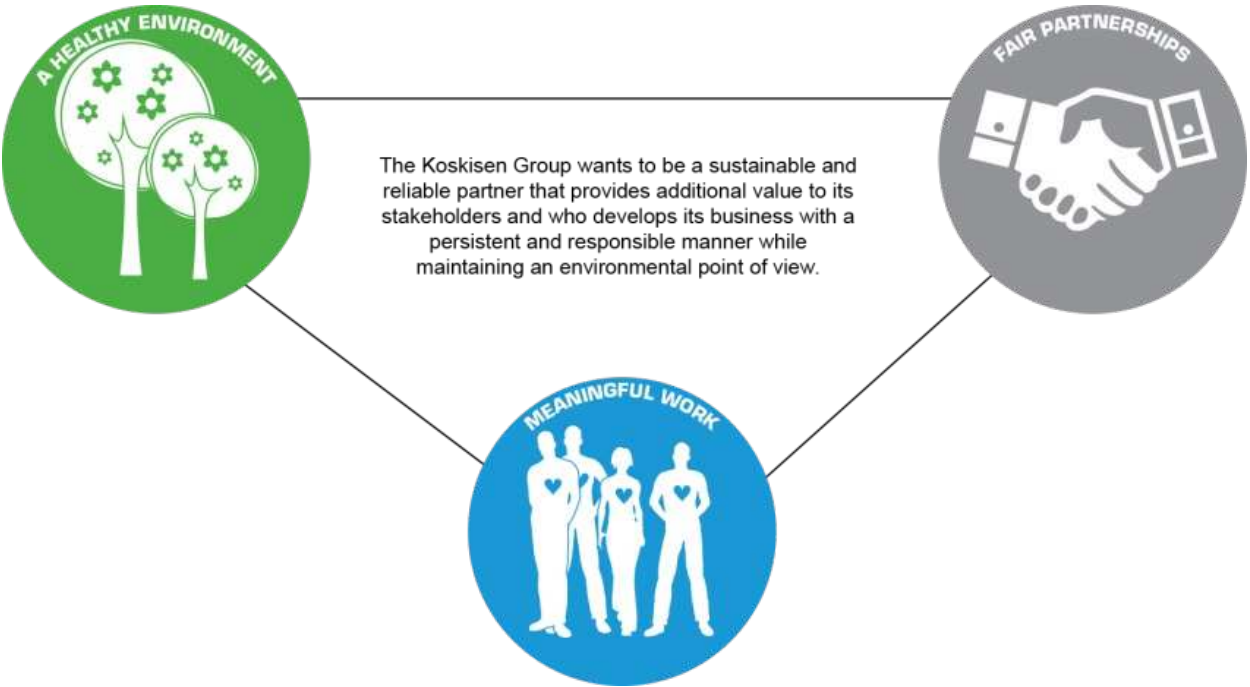
When the employees are well, the foundation for profitable, productive and long-term business is on solid ground.

We respect human rights and we do not condone discrimination or child labour in any form. This is something we require from all of our partners as well.

We want to promote diversity, and as members of FIBS (<http://www.fibsry.fi/fi/english/fibs>), we have signed a diversity agreement in November 2014.

Taking care of the environment is a point of honour to us. We monitor our energy and water consumption regularly and aim to minimise the emissions caused by our operations. We focus on using environmentally friendly raw materials in our product development and take maximal use of our raw wood material. We have also signed the Ministry of the Environment's Sitoumus 2050 petition, where we commit to reducing the amount of landfill waste in our total waste count.

In the autumn of 2014, the Group made a conscious decision to place more focus on developing responsible operations throughout the Group. We specified the group responsibility main themes and with them, the measures to be taken in the coming years. This site is fully based on our thematic division, combined with the ISO 26000 standard's framework.

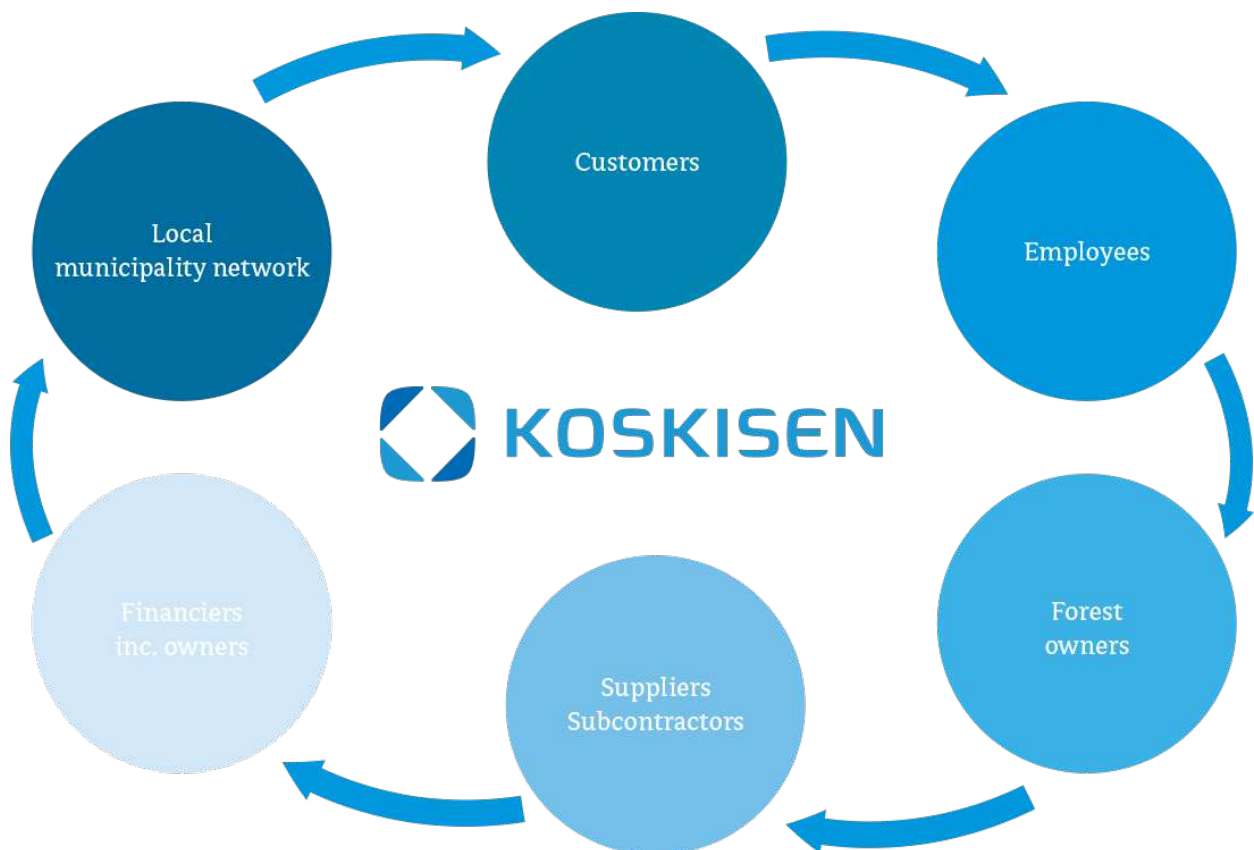


## 7.1 Leading responsibility / Stakeholders

# We take into account the impact of our operations on our stakeholders

Listening to our stakeholders' views and taking them into account in the Group's decision-making is an important part of being a responsible business. Our goal is to create additional value for our stakeholders in a sustainable manner at different phases of the value chain while taking environmental, social and financial views into account. The starting point for stakeholder dialogue is the recognition of main stakeholders in different phases of our value chain and understanding the needs of each group. At this moment, we are focusing our stakeholder dialogue on following stakeholders.

At the moment we are focusing our resources specifically to support the needs of the following stakeholders. During spring 2017 we will work together with Hanken CSR-master students to figure out our stakeholders' needs with the help of of materiality matrix. We are expecting the see results from this during the second half of 2017.

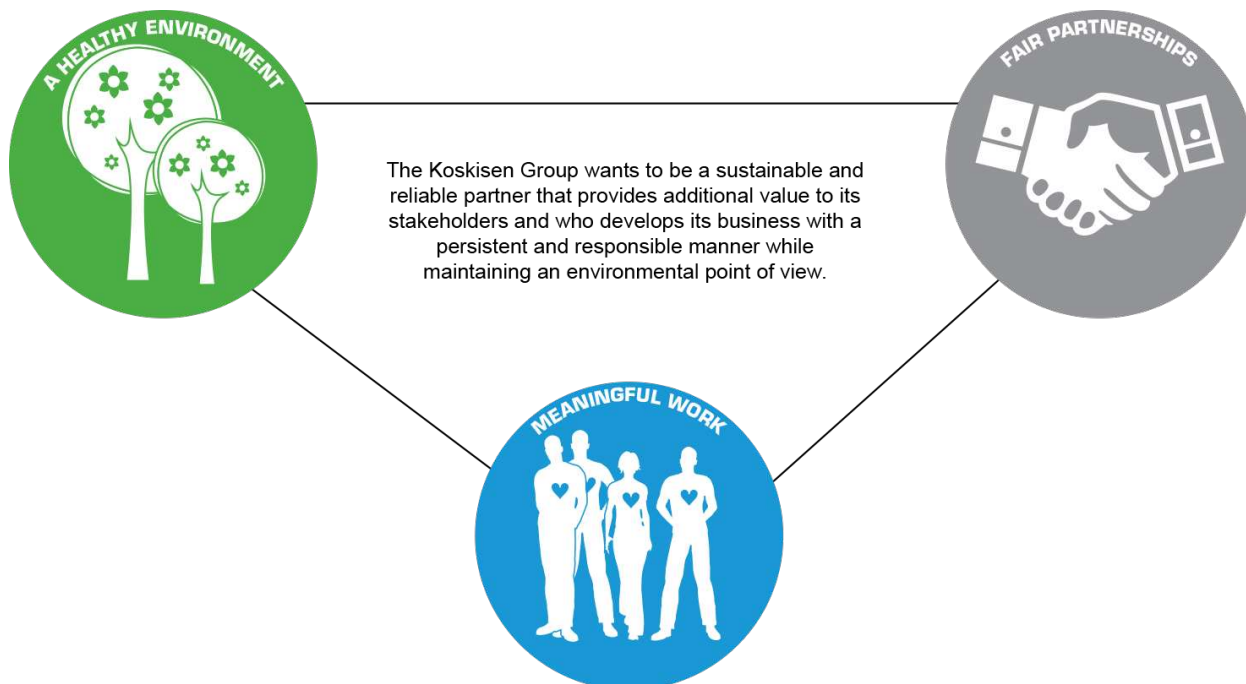




## 7.2 Leading responsibility / Sustainability themes

# Sustainability themes

In the autumn of 2014, the Group made a conscious decision to place more focus on developing responsible operations throughout the Group. We specified the group responsibility main themes and with them, the measures to be taken in the coming years. This site is fully based on our thematic division, combined with the ISO 26000 standard's framework.



## 7.3 Leading responsibility / Key figures and taxation

# Key figures and taxation

## Key figures 2016

	2016	2015
Turnover	€264 million	€248 million
Staff	1087	1057
Wood procurement	2.1 mil. m <sup>3</sup>	1.84 mil. m <sup>3</sup>
Export	54%	55%

## Koskisen Group tax footprint

	GROUP 2016	GROUP 2015	GROUP 2014
Direct taxes	221 971	838 971	182 382
Value-added tax net paid	-14 384 232	-13 425 096	-14 636 257
Withheld from salaries	1 750 9100	16 321 822	16 043 956
Tax-like payments related to employees	9 475 676	8 711 928	8 173 196
Other taxes	728 018	692 317	711 505
Relief	-32 838	-274 074	-237 498
<b>Total</b>	<b>13 517 695</b>	<b>12 865 240</b>	<b>10 237 283</b>

In 2016, the Koskisen Group paid a total of M€ 27,9 (M€ 26,5 in 2015) in taxes and tax-like payments. The increase is mainly due to increase in the number of personnel employed whereby tax-related expenses also showed a rise.

The focus on exports in our operations lead into value-added tax returns again, the amount of which in 2016 was M€14.4 (M€ 13,4M in 2015).

The share of direct taxes to local communities is roughly 1/3 of the total amount and is divided as follows: Kärkölä 84 %, Vierumäki 8 % and Hirvensalmi 8 %.

Employee-related tax-like payments include social security fees, unemployment insurance fees, pension fees, accident insurance fees and group life insurance fees.

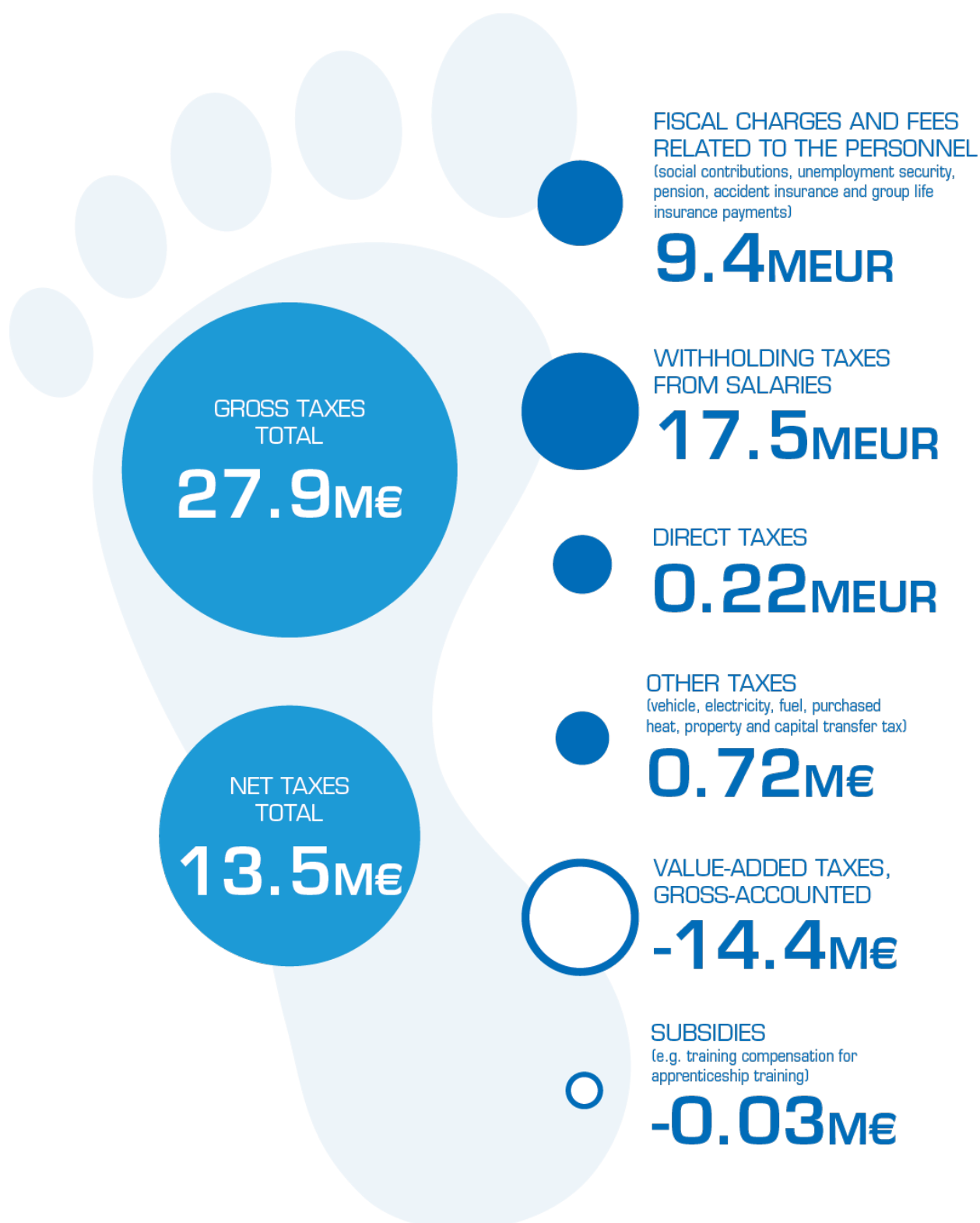
Other taxes include vehicle taxes, electricity taxes, fuel taxes, heat purchase taxes, property taxes and asset transfer taxes.

The relief consists of mostly training relief related to apprenticeships.

Our net tax footprint for 2016 was M€13,5 (M€ 12,9 in 2015).

The Group follows local legislation in paying, gathering, settling and reporting taxes. Nine out of ten of the Group's owners and employees live in Finland and pay their taxes there.

The Group is not linked to any so-called tax haven companies and the Group does not have a separate tax strategy. The Group's financial management is responsible for the Group's taxes.





## 7.4 Leading responsibility / Business Ethics



# Our fair practices have been described in the Group's ethical guidelines

We always operate within the requirements of the law and regulations that relate to our operations.

We are a politically unaffiliated, Finnish, local family business. Our tax footprint has been calculated since 2013. The calculations are based on Finnish operations as the great majority of all taxes are paid in Finland.

We do not condone corruption or bribery in any form. The Group pays for its representatives' travel and accommodation expenses when travelling to meet customers and suppliers or to take part in seminars and training sessions. Reasonable hospitality and giving or receiving minor gifts, related to normal business, is allowed.

The Group employees, suppliers or other stakeholder relationships may not form a conflict of interest because of family relations.

We require our employees to take good care of the company's property and to store confidential information in an appropriate manner.

The roll-out process for the ethical guidelines is underway

## The roll-out process for the ethical guidelines is underway

In April 2015, the whole Group implemented [Ethical guidelines](#), which is intended to be followed by both our employees and our partners.

The roll-out will be carried out continuously in department and team meetings and appraisal discussions.

## 8 Meaningful work



## Meaningful work

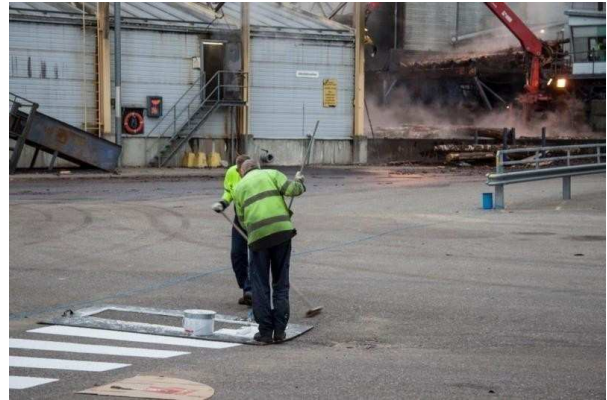
We want the Koskisen Group to be a good and healthy workplace, where everyone's work feels as meaningful as possible. Meaningful work is built on excellent working conditions, fair treatment, continuous expertise development and ensuring work safety and well-being at work. The well-being of the Group reflects the well-being of our staff.

Koskisen group employed 1087 people at the end of 2016 which represents a 1% increase to year before. The increase took primarily place in the plywood industry where we were able to increase production capacity owing to promising market conditions. Majority (88%) of our staff works in Finland and they come mainly from the same communities where we operate or areas nearby.

## 8.1 Meaningful work / Well-being and safety at work

### Safe working community

We want to create a safe, pleasant, healthy and sustainable working community. We focus especially on the ergonomics of heavy work stages, we require our employees to use protective equipment at production facilities, and we ensure safe movement in factory areas. We focus on well-being at work by supporting and organising exercise opportunities during both working hours and off-hours. We encourage our employees to develop work safety by rewarding them for providing good safety initiatives. We rely on the OHSAS 18001 to take care of our working health and safety levels.



### The comprehensive well-being of our employees is important to us

We have our own versatile occupational health service in the facilities of our largest factory area. Our occupational health service professionals know what kind of work we do and recognise the working conditions, and are therefore equipped to best support well-being at work. We also employ a physical therapist and a work psychologist. A local masseur visits our health service station twice per month.

We encourage our employees to take care of their own health. For example, we support our employees efforts to quit smoking by paying for 50% of the detoxification medicine costs. We have a group for well-being at work that takes care of and organises varied work capability functions. We provide, among other things, break workouts, nutritional guidance, different workout groups and gym training at our own gym.

The group for well-being at work co-operates, for example, with our canteen operators, who provide healthy, fresh food at our local workplace restaurants. We also try to come up with different free-time events with different themes.

Our Group holds an annual employee satisfaction survey. The results of the survey are reviewed by unit, and they are used to pick a topic that the unit will then begin to develop. Human resources takes part in reviewing the results of the survey and monitors the outcome. Employee satisfaction has been on the rise for the last two years. In 2016 49 % of our employees answered the survey as opposed to 53 % in 2015. We also managed to reach the set goals well in advance and are now working against our longer-term goal of 3,75 (group result). Unfortunately the trend with sick leaves had an opposite direction. The rising figure was caused again by wide spread flu attacks in the early and late part of 2016.

#### Company-level goals 2015-2017:

- Sick leaves at 3% in the long-term, by 2017 at 3.5%.
- Factory / production area cleanliness: Minimising observable targets
- Improving the total index of the employee satisfaction survey to 3.68 by early 2017 with an over 55% employee participation rate

#### Outcome in 2016:

- Sick leaves at 4,17%
- Total index of the employee satisfaction survey at 3.69

### We want to offer a safe working place to our employees

Ensuring and developing safety at work belongs to everyday routines at Koskisen. We need to refine both our safety tools and working methods and our attitudes in order to reach the goal of zero accidents.

The journey has begun although we realize that there is much to do to reach this ambitious, but attainable goal. Systematic work makes the journey possible and keeps us on the right track.

By systematic work we mean proactive work and prompt corrective actions. We want to minimize the occurrence of dangerous incidents, deviations from agreed working methods and accidents. This is possible through careful risk analysis, active safety remark system and continuous training of the whole staff. The corrective actions aim to eliminate immediate hazardous places and events and analyze the cause of these events.

We measure safety both through proactive and corrective or reactive measures taken. Proactivity is measured as the annual number of safety remarks made per employee and the number of safety check made in different work departments. Corrective actions are weighed against the speed and effectiveness of measures taken. Work related accidents are measured as from the beginning of year 2017 with metric LTA<sup>1</sup> which counts accidents causing one or more sick leave days per million working hours. LTA<sup>1</sup> is an internationally recognized metric and enables to compare ourselves more transparently and clearly with other companies. For the sake of comparison we have also published the previously used LTA4 follow-up for year 2016.

We have started the long-term journey towards zero accidents and fully believe in positive future safety development. In fact some of our units have already been able to demonstrate long periods of zero accidents in their daily operations.

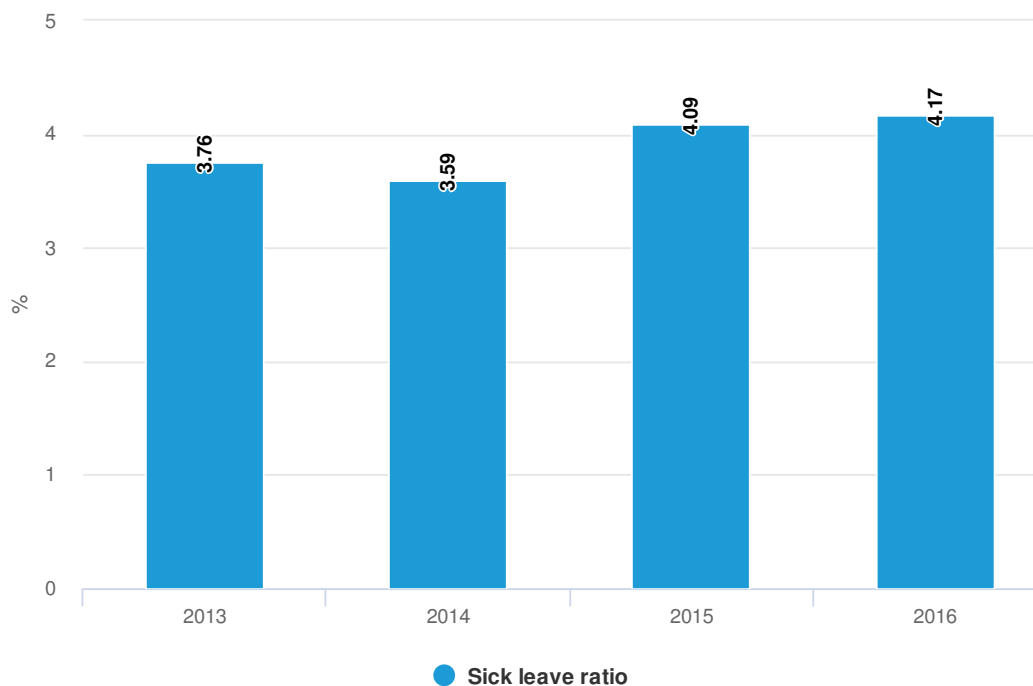
### Group level goal 2017:

- LTA<sup>1</sup> accident frequency: by end of 2017 max 17 (accidents causing 1 or more sick leave days / 1 000 000 working hours), goal zero accidents
- Safety remarks by end of 2017 :3 remarks per employee on annual basis

### Group level results 2016:

- LTA<sup>1</sup>: 35 (accidents causing 1 or more sick leave days / 1 000 000 working hours)
- Safety remarks: (1226/1087) 1,1 safety remarks per employee

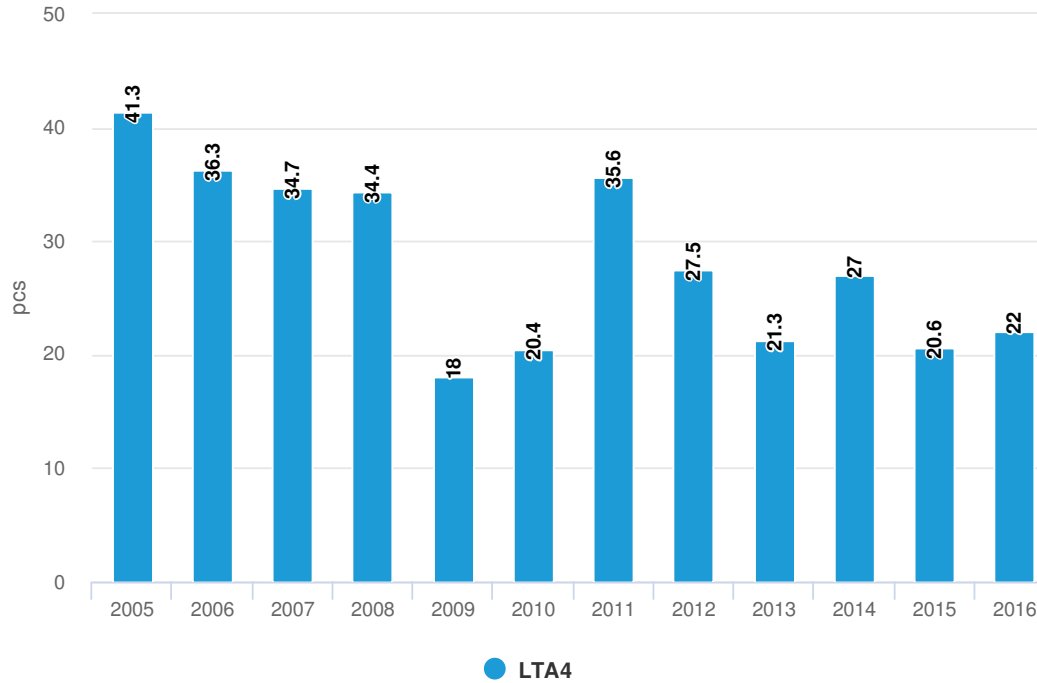
Sick leaves



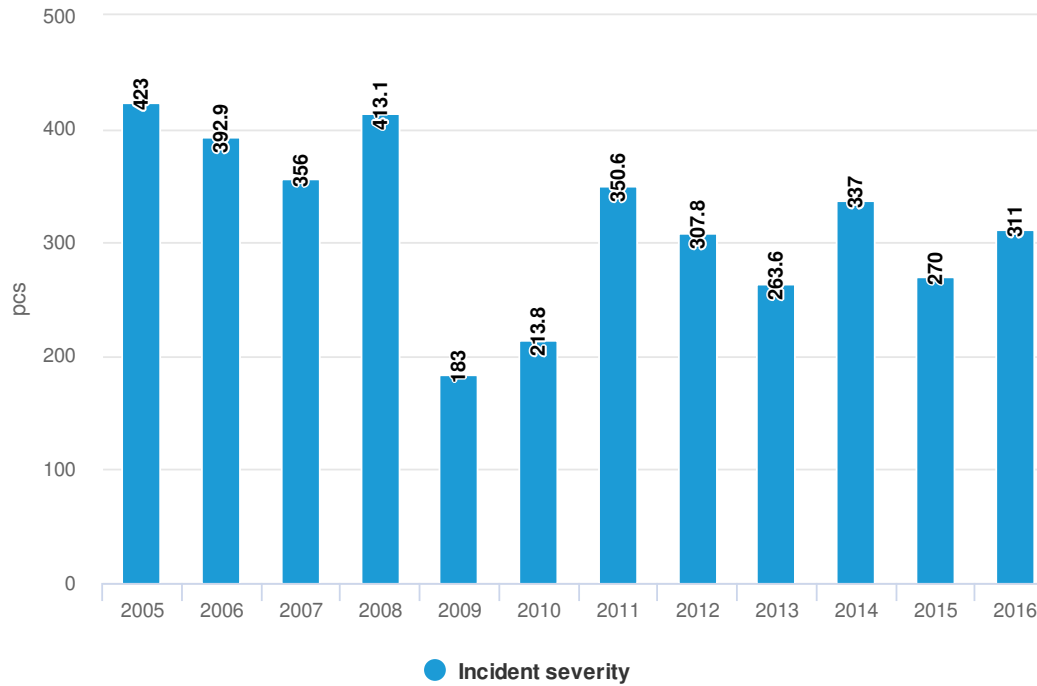
Ratio of sick hours to the actual working hour total

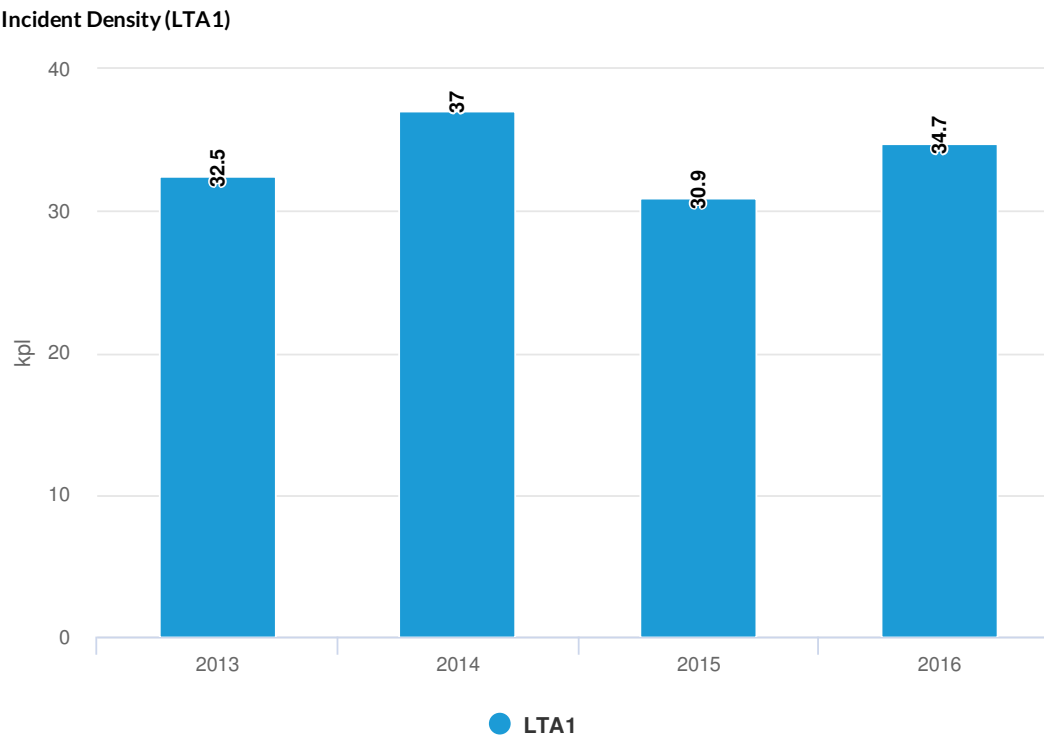


Incident density (LTA4)



Incident severity (replaced working days / million working hours)





## 8.2 Meaningful work / Development and Training



# Proficient employees are the goal

Every third employee is a journeyman or master with a professional degree and the goal is that most of our employees should have a professional degree in wood. The training leading to the degree is implemented as working apprenticeships.

With this training, we can ensure that our whole staff have the right skills and motivation. Our training is divided into the following main groups:

- orientation and job guidance
- vocational training
- training for tasks that require specific qualifications
- working community / organisational training; group and teamwork skills
- quality, environment and safety training

We either provide the vocational training internally or outsource it to an external trainer. We use an apprenticeship system to organise training for new and old employees. Apprenticeship training is learning on the job, which is supported by knowledge-based training.

Apprenticeship training is focused on earning a degree. Degrees our employees can acquire include:

- basic degree in process industry, either in the sawmill or panel fields
- vocational degrees: sawmill or panel process operator, power plant, maintenance etc.
- technical specialist degree, management specialist degree, product development special degree,
- others also possible with planning

We initiated in 2015 a two-year apprenticeship training program for 30 foremen from different parts of the organization.

### 8.3 Meaningful work / Fees and employee benefits



## The goal is a motivated and healthy staff

Our aim at the Koskisen Group is to sign mainly permanent employment contracts. We only use temporary workers in special cases. Most of our employees have permanent contracts.

We attempt to take our employees' situations into account and arrange family leaves or reduced hours etc. We make it easy for our employees to retire by organising part-time retirement schemes. We support our employees' ability to work by providing easier work or by allowing them to transfer to different tasks. We encourage our employees to take part in job rotation.

Our business trips are covered by traveller's insurance and for sporting events, we have acquired a sports insurance policy. We have negotiated several discounts to local companies, such as opticians and tire shops. We offer multiple employee benefits to keep our staff healthy.

## 8.4 Meaningful work / Equality, diversity and place of residence

## Equality and diversity are important parts of our human resource policy

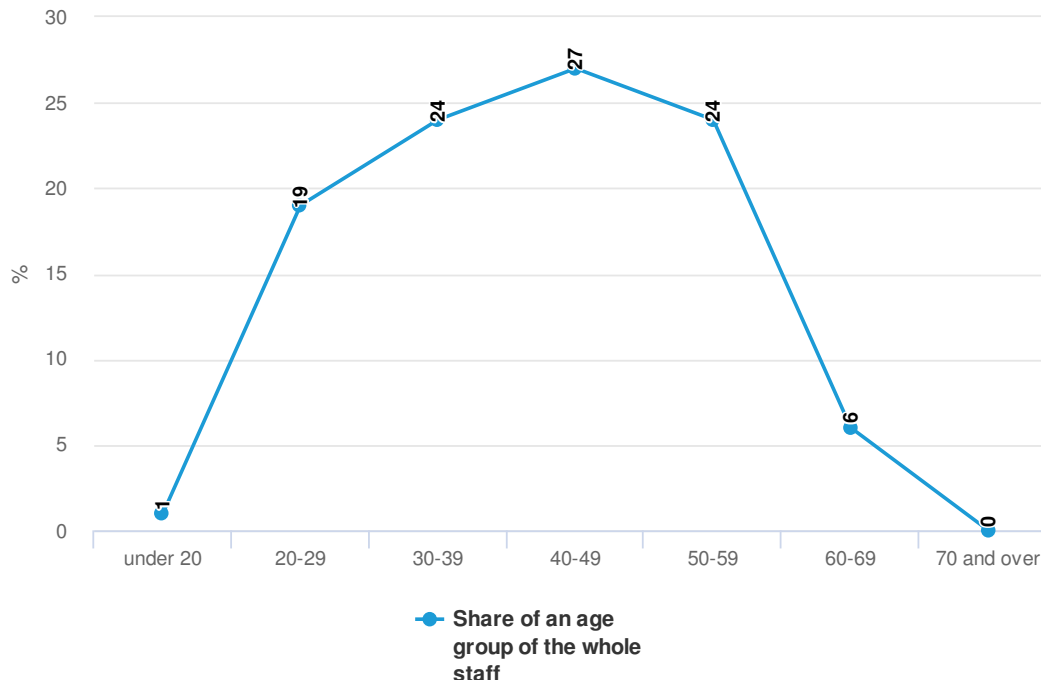
Equality and diversity have been deemed important values in our Group and working towards them is an important part of our human resource policy and the development of our employees' well-being. Everyone working for us has an equal opportunity at advancing their careers and we can guarantee everyone, regardless of gender or task, the chance to develop themselves and their expertise. Our aim is to make fitting work and free-time together possible by combining different time and working arrangements so that our employees' different needs and stages of life are taken into account. The compensation our employees receive for the same and similarly valued work is the same regardless of gender, and we monitor the situation annually with salary reviews. We take care that our employees are not subjected to bullying, discrimination, sexual harassment or any other form of harassment. Our service relationships' conditions and working conditions are based on equality and fairness.

As members of the Corporate Responsibility Network FIBS, we have signed a [diversity charter](#) on 6 November 2014, with the aim to create equal and fair opportunities in our actions that relate to our staff and customers.

53% of our employment relationships have lasted more than 10 years. White-collar relationships have been slightly longer than blue-collar, which is likely explained by difference in the work strain. Proportion of women has remained at a steady level year to year and doesn't really differ in different age groups. The share of women of the total work force is approximately one fourth.

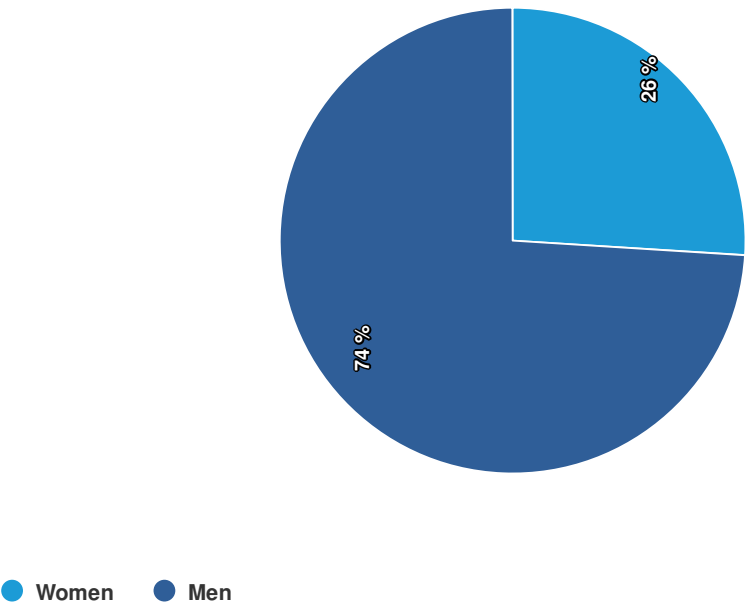
Average age has risen slightly from 2015 (41,5) and measured 42,1 in 2016.

Staff age distribution 2016

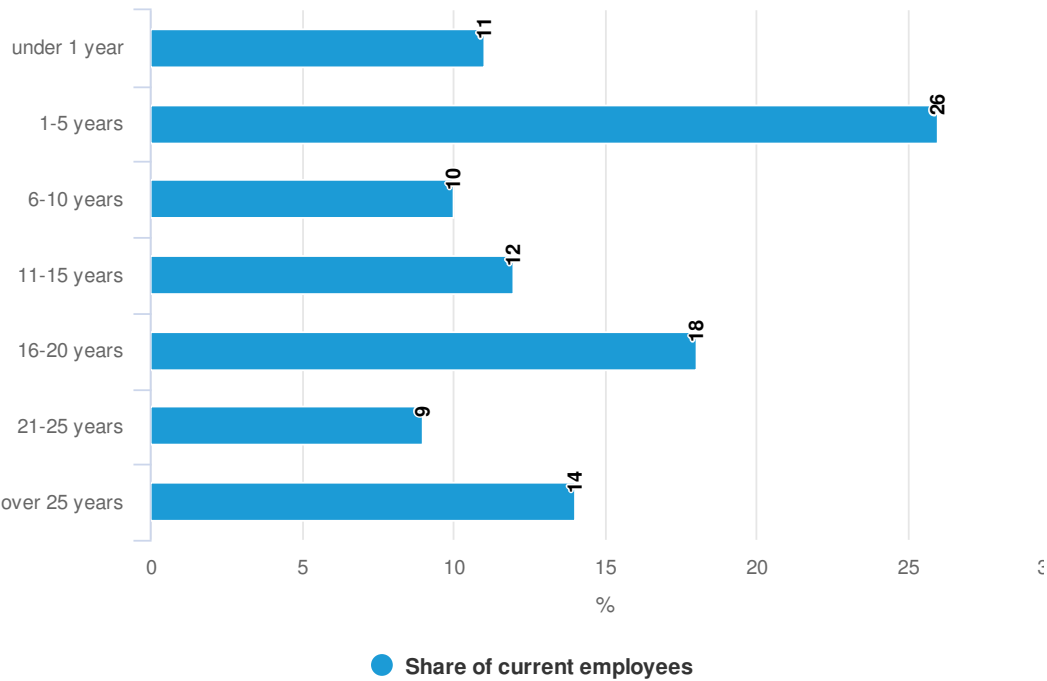




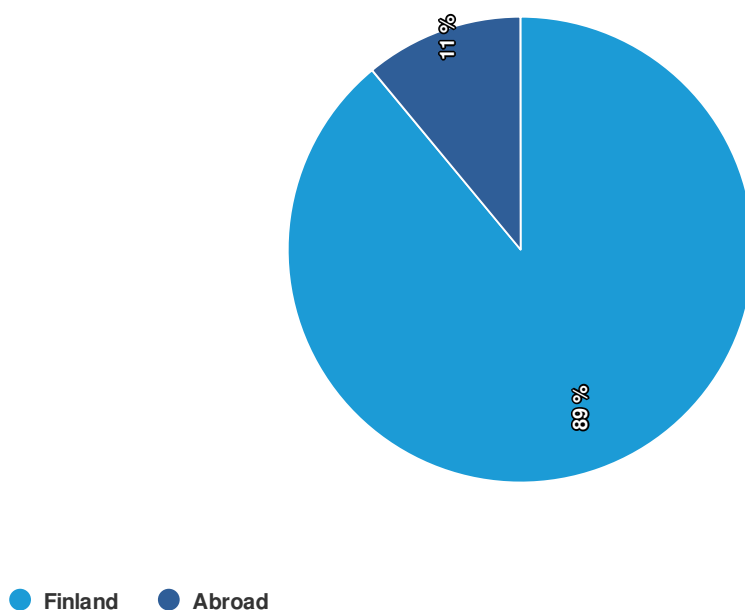
Staff gender distribution 2016



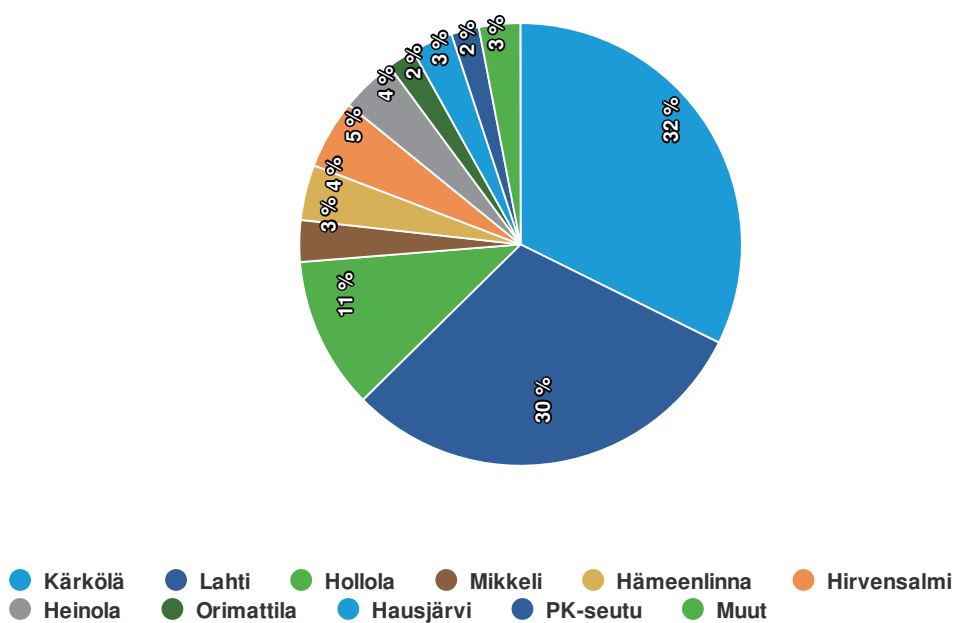
Employment duration 2016



Place of residence of Koskisen staff 2016



Finnish staff - place of residence 2016



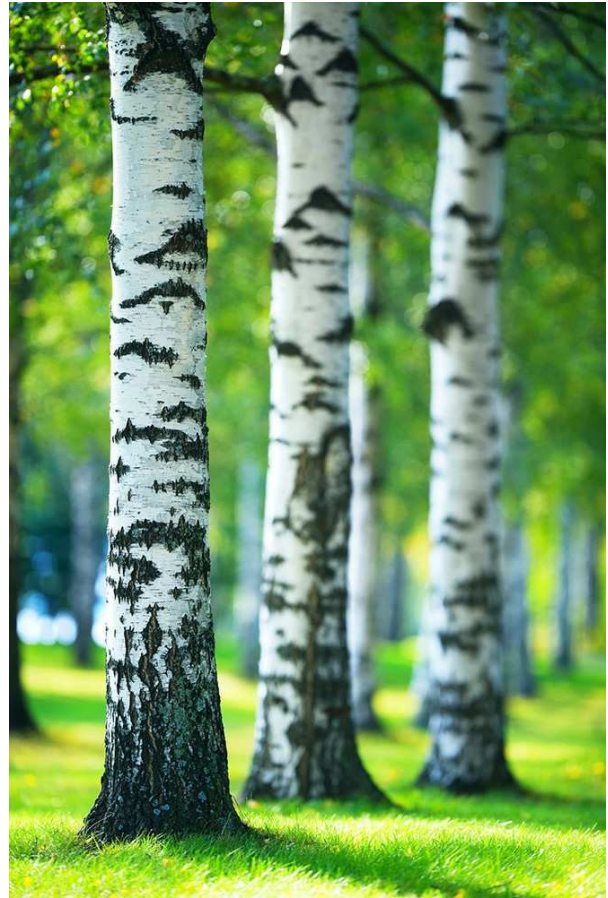
## 9 Healthy environment

# Environmental thinking is at the core of our operations

Our business is directly connected to forests. That is why we have good reason to take care of nature.

We are proud to work among the Finnish "green gold". Environmental aspects have a strong presence in our R&D and our choice of suppliers. We also aim to minimise the environmental impact of our production by using biofuels for heating and by paying special attention to waste sorting, water usage, emissions and total energy consumption.

One of our goals is to be a pioneer in implementing international environmental standards and to follow the principles of sustainable development. We are constantly evaluating our operations to ensure sustainability and the stability of forest growth. Koskisen has been a pioneer in paying attention to the environment in the Finnish forest business and has received accolades for the actions it has taken. Koskisen is, among other things, the first Finnish wood product company that was awarded with the ISO 14001 certificate to recognise its environmentally friendly operations as early as 1997. In addition to that, Koskisen Oy received the ISO 9001 quality certificate in 1995 and the OHSAS 18001 health and safety certificate in 2001.



## 9.1 Healthy environment / Koskisen circular economy

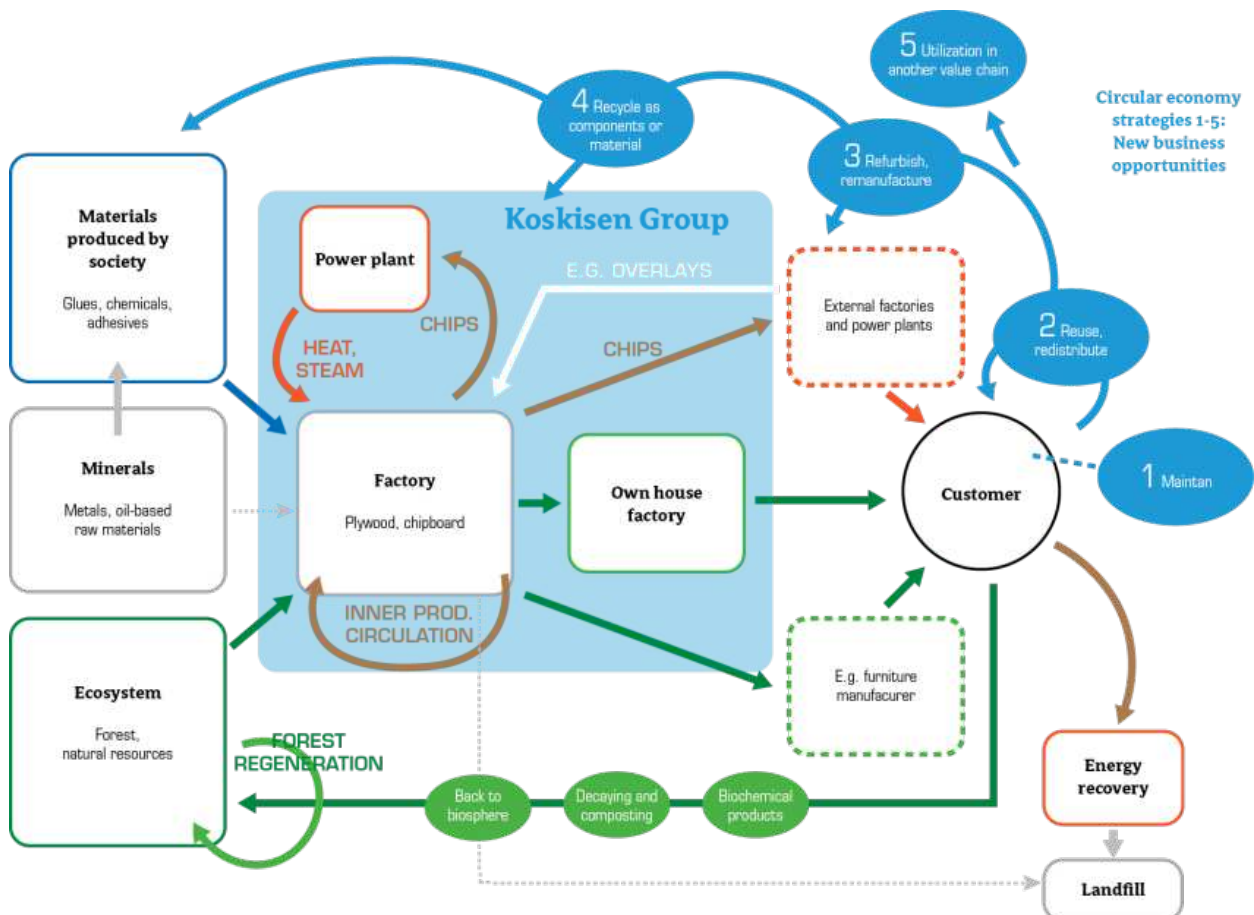
# Koskisen circular economy

During the winter of 2015-2016, Koskisen Group evaluated the value that circular economy thinking can bring to its business and industry. In line with leading models developed by the [Ellen MacArthur Foundation](#) and [Sitra](#) in Finland, minimization of waste of efficient usage of raw materials and energy lies at the core of the work. The Natural Step's Framework added alignment with the cycles of nature and bioeconomy.

In practice this means very efficient material usage at Koskisen Group as wood and all its residues are utilized as well as possible, from the point of harvesting to production. For example, we utilise all the logging waste as energy wood and deliver it to power stations in close proximity of the factories. The wood chips resulting from sawn goods are delivered for pellet production.

We still have a lot to do, however. The share of energy waste from the total waste is still too low (39 %) as compared to our target (over 50%). The situation is improving year by year though. We are putting a lot of emphasis on improving our recycling processes. For example, since November 2015 we have been testing a special baling machine to gather the plastic covers efficiently, bale them neatly together, and deliver the bale as such to recycling. The experiment continues.

We are co-operating with [The Natural Step](#) when developing our circular economy and [climate work](#) further.



## 9.2 Healthy environment / Carbon Footprint

# Koskisen Group's carbon footprint

The carbon footprint is currently the most popular way to measure the impact a company or product has on climate change. This measure is used by governments, companies, and individuals alike. For Koskisen, the carbon footprint indicates how much greenhouse gases, or CO<sup>2</sup>e, are emitted by the company's business operations. By measuring the carbon footprint, a company can see which business operations result in heavy CO<sup>2</sup>e emissions. While the carbon footprint is a good indicator of the impact of a company's operations, it does not capture the entire environmental impact.

In 2015, Koskisen Group's total carbon footprint was 114,056 tons of CO<sup>2</sup>e. Surprisingly, the most significant factor in Koskisen's carbon footprint came from materials used to make Koskisen products. Although wood-based materials emit no CO<sup>2</sup>e, adhesives resulted in significant CO<sup>2</sup>e emissions. Almost as significant were the emissions caused by logistics, that is the transportation of raw wood to manufacturing facilities, as well as transportation to customers. Koskisen outsources delivery of its products to customers, which means that it does not have direct control over the emissions that come from deliveries. However, it was included in the CO<sup>2</sup>e footprint in order to give a more holistic view of the true climate impact of Koskisen products. This information is valuable, in that it can facilitate additional efforts throughout the value chain.

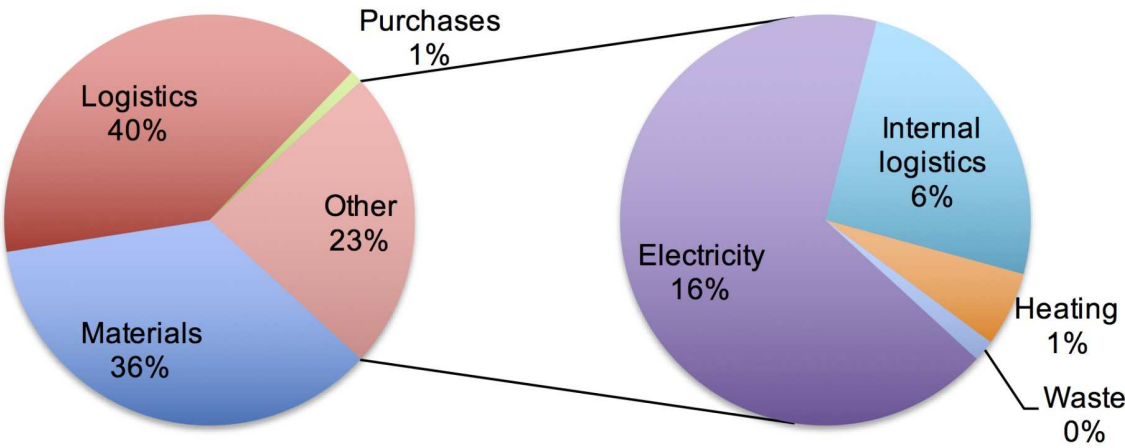
### Additional facts

- 91% of CO<sup>2</sup>e impact comes from outgoing logistics (i.e. transport of finished goods to the customer), and 9% comes from transporting raw materials to Koskisen's manufacturing facilities.
- Internal logistics CO<sup>2</sup>e emissions included fork-lift trucks and forest machinery
- Heat production from biomass was calculated as zero. Forest products' CO<sup>2</sup>e emissions and sequestration factors are a multifaceted issue and considered outside the scope of this study

2015 emissions	t CO <sup>2</sup> e	t CO <sup>2</sup> e		2015, %	%
<b>Production</b>		<b>25 486</b>		<b>Production</b>	<b>23%</b>
Internal logistics	6 357			Internal logistics	25%
Waste	427			Waste	2%
Heating	688			Heating	3%
Electricity	18 014			Electricity	71%
<b>Materials</b>		<b>41 237</b>		<b>Materials</b>	<b>36%</b>
Packaging	1 506			Packaging	4%
Glues	39 731			Glue	96%
Wood	0			Wood	0%
<b>Logistics</b>		<b>45 920</b>		<b>Logistics</b>	<b>40%</b>
Travel to work	322			Travel to work	1%
Flights	114			Flights	0%
Transport	45 484			Transport	99%
<b>Procurement</b>		<b>1 413</b>		<b>Procurement</b>	<b>1%</b>
<b>Group total</b>		<b>114 056</b>	t CO <sup>2</sup> e	<b>Group total</b>	<b>100%</b>

The carbon footprint calculations will be repeated every 2nd or 3rd year in the future as the variations from one year to next are minor. The next update will take place at the earliest in 2018-2019.





### 9.3 Healthy environment / Energy

## We focus on energy efficiency

A focus on energy efficiency and increasing use of renewable energy are an integral part of our energy use. The energy efficiency angle we have decided to tackle by joining the Confederation of Finnish Industries' energy efficiency agreement. The use of renewable energy has been increased thanks to our biofuel heating plant.

### Aiming for continuous improvement in energy efficiency

We joined Confederation of Finnish Industries' energy efficiency agreement in 2008, including its energy industry's operational programme. The challenges for energy efficiency have been the difficult financial situation and the production outages resulting from it. The total amount of production at production facilities also has an increasing effect on energy consumption. To reduce energy consumption, our employees have been instructed, among other things, to avoid idling machinery and to turn off equipment and lights that are not in use.

#### Company-level goal 2015 - 2017

To reduce total energy consumption per produced cubic metre by 1% per year.

#### Outcome in 2016

At this moment, the total energy consumption for each produced cubic metre (kWh/m<sup>3</sup>) has been increased by 1.7 % when comparing to the level in last year.

#### Company-level goal 2005 - 2016

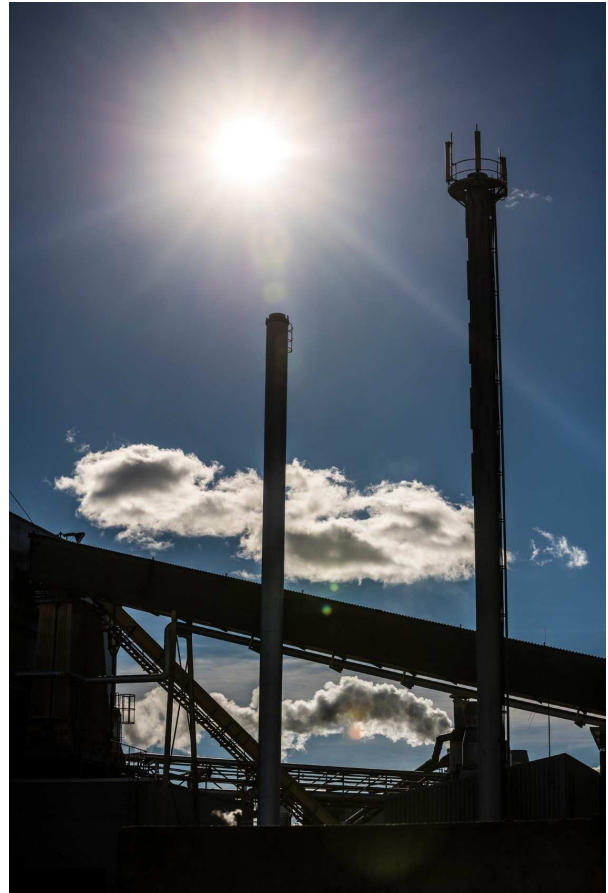
To reduce the energy needed to produce one cubic metre by 7% by 2016, when compared to the total energy consumption in 2005.

#### Outcome in 2016

At this moment, the total energy consumption for each produced cubic metre (kWh/m<sup>3</sup>) has been reduced by 22.5 % when comparing to the level in 2005.

## Renewable energy from the side products of our operations

The Koskisen Oy Järvelä facilities produce heat in their own main boiler facilities (Koskipower and Sermet boilers). They mostly use



wood fuels produces as side products from Koskisen Oy's other operations. This means we generally reach a ratio of 95% biofuel in heat production. We also have six reserve boilers that use heavy fuel oil. These boilers are only used if there are issues with the main boilers. Since the founding of Koskipower Oy's heat production facilities in 2006, there has been a noticeable growth in the share of renewable energy in our heat production. Most of Koskipower Oy's heat is used at our own production facilities. Some of the heat is sold externally as district heating. For the Herrala facility at Vierumäki, we buy the heating from Versowood Oy, who produce district heat using biofuels. The Hirvensalmi facility gets its heat from our own, Etelä-Savon Energia maintained wood and oil boilers.

## Company-level goal 2015 - 2017

Biofuel share of over 95% in heat production.

### Outcome in 2014

Biofuel share of 98.4% in heat production.

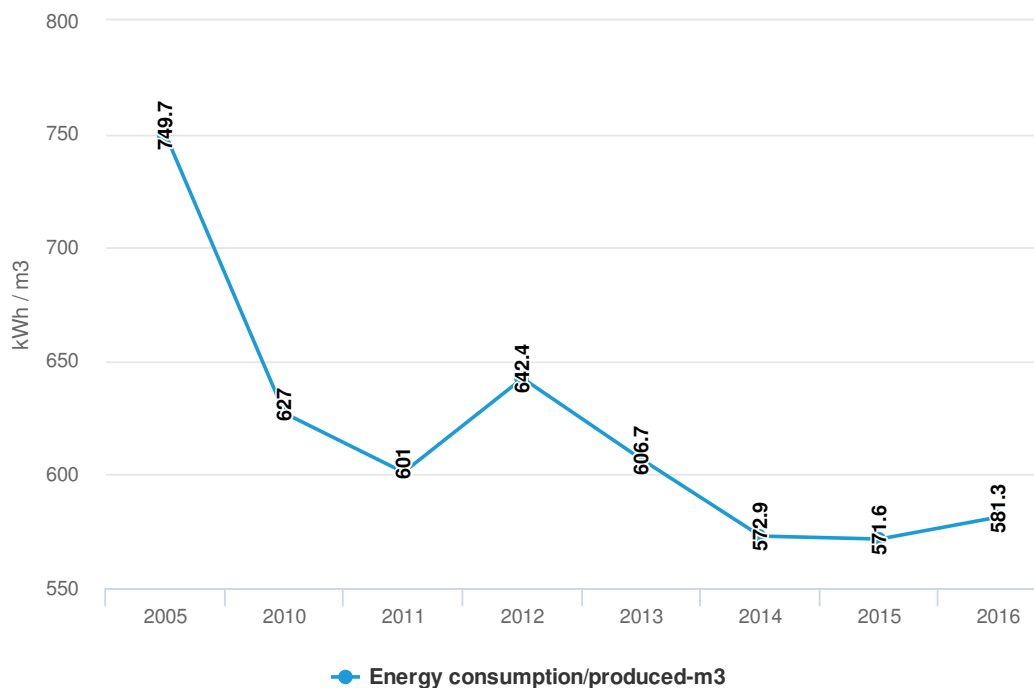
### Outcome in 2015

Biofuel share of 98.0% in heat production.

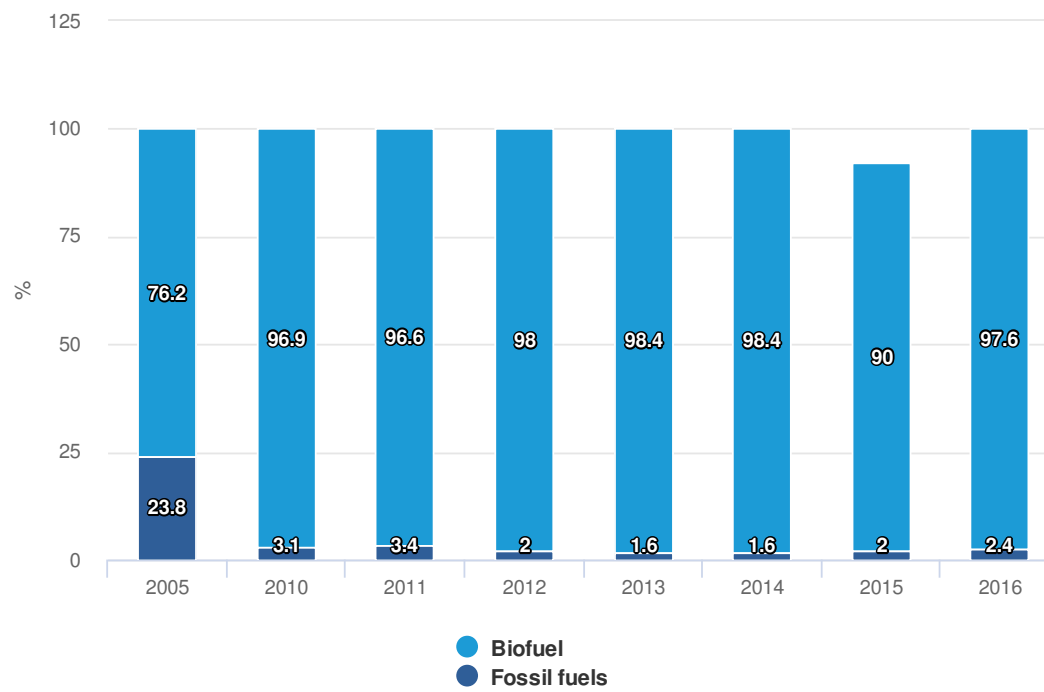
### Outcome in 2016

Biofuel share of 97.8% in heat production.

Total energy consumption



Biofuel share in energy production



## 9.4 Healthy environment / Water



# Water systems are important to us

The general goal for water use is to reduce the consumption of clean water and the creation of sewage. The aim of the operations is to harm the water systems in the vicinity of our factories as little as possible.

## Water consumption is reduced with close monitoring

Koskisen Oy's Järvelä facilities require water for both drinking and for process and cooling in production. We get most of our water directly from the Tolkonlähde and Mäntsäläntie factory area's bore well groundwater sources, which are owned by Koskisen Oy. Part of the water we require is drawn from the Kärkölä municipality's water supply system. We track our water consumption closely, which allows us to recognise and fix leaks immediately. Our aim is to constantly enhance the use of groundwater. The Vierumäki and Hirvensalmi operations receive their water from the local water supply systems.

In 2014: water consumption levels were at 0.34 cubic metres of water for every produced cubic metre.

In 2015: water consumption levels were at 0.28 cubic metres of water for every produced cubic metre.

In 2016: water consumption levels were at 0.32 cubic metres of water for every produced cubic metre. The development of water consumption has been favourable compared to earlier years.

## We process sewage appropriately and aim to minimise its amount

Koskisen Oy has an industrial sewage supply agreement with the Kärkölä municipality. Log pond water will be pre-treated with flotation before being supplied to the municipal sewage disposal. Under normal conditions, we completely fulfil the requirements of the agreement. The sewage produced at the Vierumäki and Hirvensalmi facilities are supplied to each municipality's sewage disposal.

### Company-level goal 2015-2017:

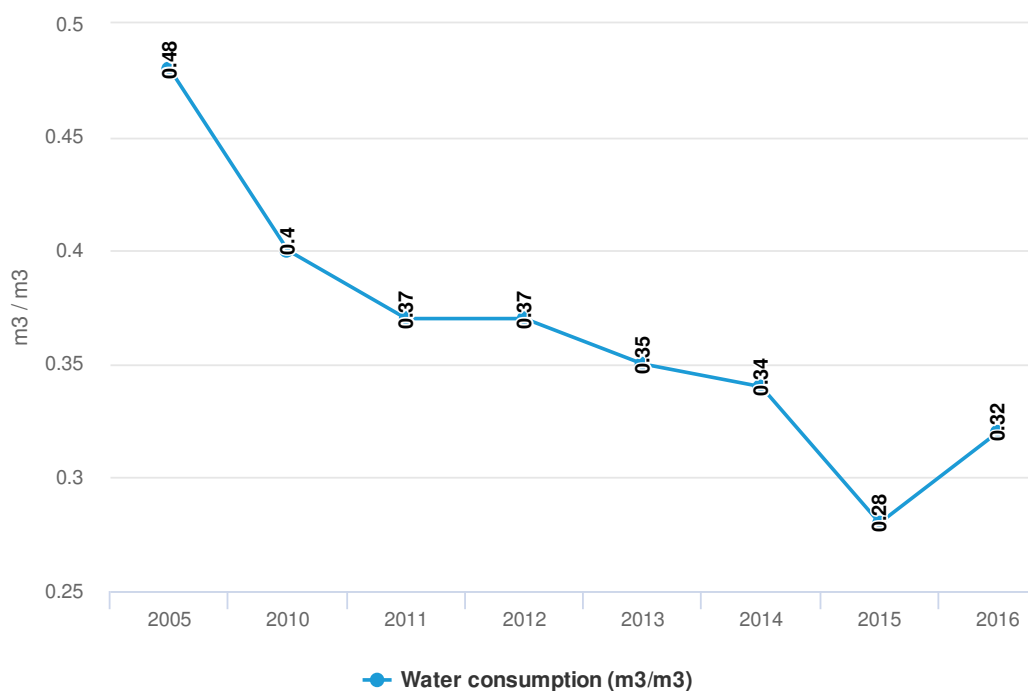
Reducing the amount of sewage from the 2012 level of 20%. The amount of sewage 0,134 m<sup>3</sup> / produced cubic metre. The amount of sewage 73,700 m<sup>3</sup> / year.



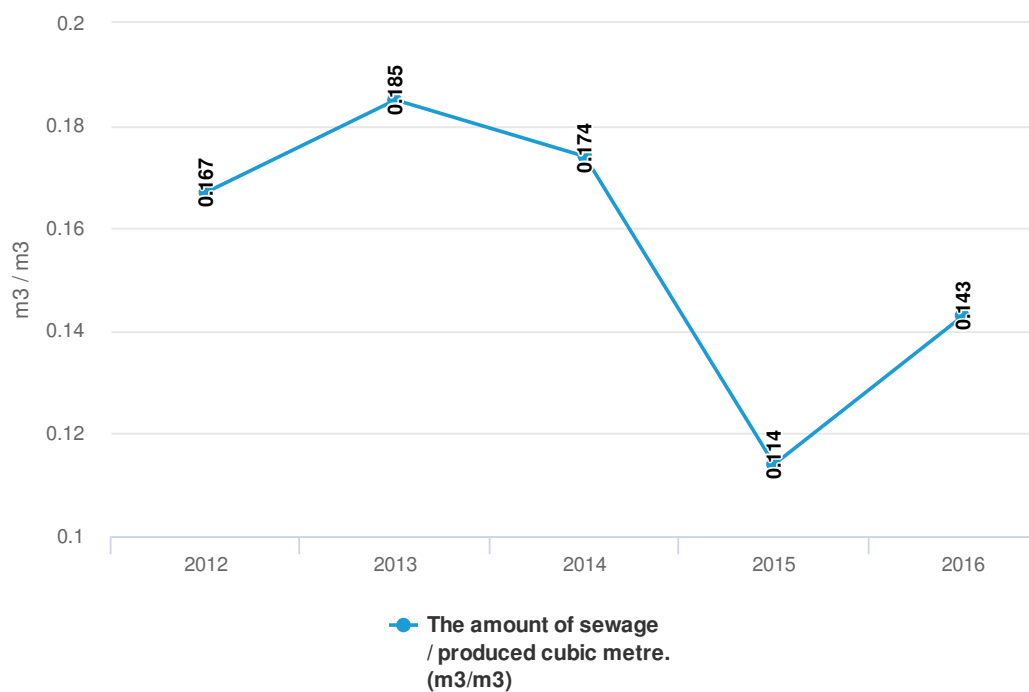
Outcome in 2015: The amount of sewage has reduced 22.5% when comparing to the 2012 level. The amount of sewage 0,114 m<sup>3</sup> / produced cubic metre. The amount of sewage 71,433 m<sup>3</sup> / year.

Outcome in 2016: The amount of sewage 0,143 m<sup>3</sup> / produced cubic metre. The amount of sewage has increased 0.9% comparing to the 2012 level. The amount of sewage 92,952 m<sup>3</sup>

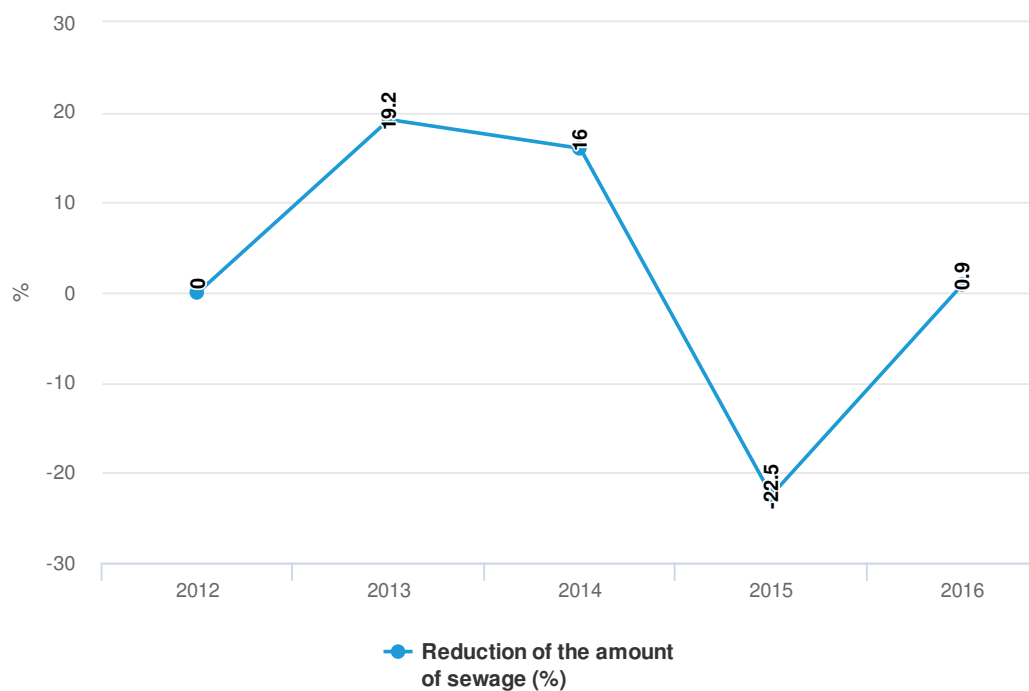
Water consumption (m3) for every produced cubic metre

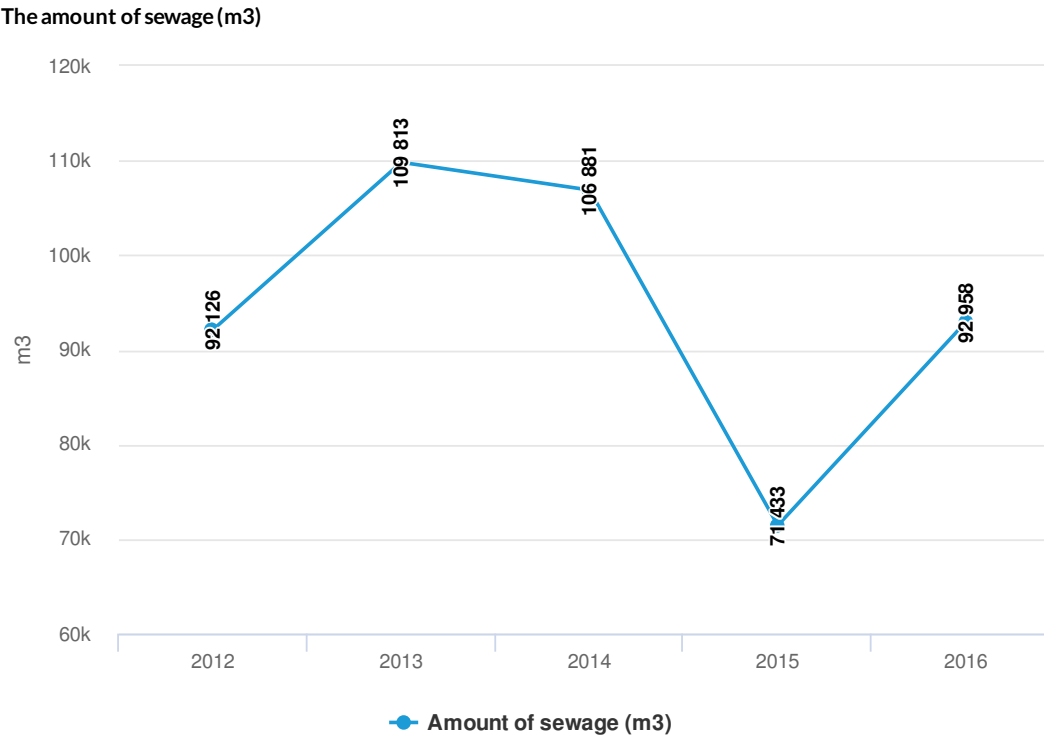


Sewage (m3) in relation to produced quantities (m3)



Reduction of the amount of sewage from the 2012 level





#### 9.4.1 Healthy environment / Water / Cleaning of Kärkölä ground water

## Cleaning of Kärkölä ground water

The fire at Koskisen Oy sawmill in 1976 resulted in a release of the chlorophenol-containing product Ky-5 into the soil and the aquatic environment. Ky-5 was used to protect lumber against weathering. The possibilities for cleaning the groundwater and soil in the area have been investigated for decades. A breakthrough has taken place in the cleaning efforts during the last two years: a method developed by Koskisen Oy and Pöyry Finland Oy has been used to clean a calculated 90 per cent of the groundwater in the area. The cleaning work will continue so that all of the groundwater can be cleaned.

According to Markku Koskinen, CEO of Koskisen Oy, the Supreme Administrative Court has obligated the company to arrange further studies regarding the groundwater in the area and to produce a groundwater reconditioning programme. According to Koskinen, though, the company wanted to do more. Together with Pöyry Finland Oy, Koskisen Oy developed a new solution for cleaning the groundwater based on biological decomposition by bacteria. The method has been utilised in the Järvelä region year-round for over two years.

### Utilising nature's own decomposition process

In the cleaning process, oxygen is absorbed by the soil with groundwater, and the bacteria utilise this oxygen in breaking down chlorophenols. The natural bacterial strain uses oxygen to break down the chlorophenols present in groundwater and soil into water and carbon dioxide. No harmful compounds or end products are formed. As the cleaning process takes place underground, this method does not put the environment or the area's residents at risk.

Hydrogeologist Petri Siiro has supervised the cleaning operation as the representative of the ELY Centre for Häme, and he considers the situation good.

"The actions aimed at cleaning the groundwater have been performed commendably and in good cooperation between Koskisen Oy and the ELY Centre. The cleaning results have been very promising, and the goal of achieving groundwater in good condition, compliant with the Water Framework Directive and the Act on Water Resources Management, will probably be achieved by 2027," Siiro says.

Koskisen Oy and Pöyry Finland Oy believe that in the future it will also be possible to apply this cleaning method to other areas where the groundwater is spoiled by biodegradable organic substances.

## 9.4.2 Healthy environment / Water / Hähkjärvi



# Nature and industry in harmony at the Hähkjärvi lake's shores

Hähkjärvi is a company-owned lake in the immediate vicinity of Koskisen Oy's Tehdastie factory. The lake was formerly used to store logs, which caused wood material to accumulate to the lake bottom, such as tree bark. As the wood material decays, it releases nutrients into the lake while also consuming oxygen. Because of this, the lake has become heavily eutrophic. The lake's nitrogen and phosphorus concentrations are many times higher than the average, but the lake's status is slowly improving as it is no longer subject to an external nutrient load.

We avoid drawing water from Hähkjärvi. By the lake's shore, we have built closed-circuit pools for circulating log irrigation water, which enable us to recycle that water for log irrigation. We do not draw any log irrigation water from Hähkjärvi. As the irrigation water is in closed circulation, the only sources of overflow to the lake from the factory area are rainwater and clean cooling water.

Koskisen Oy's environmental permit includes a provision for restoring Hähkjärvi. We have commissioned reports on the need for restoration and presented them to the authorities.

The latest report, the Hähkjärvi nature report, was completed in 2014. The report concluded that the area is home, in addition to a diverse birdlife, to protected moor frogs and bats. Hähkjärvi and its shores are a valuable habitat for many animals because of its low use, which makes it an apt example of the coexistence between industry and environment.



## 9.5 Healthy environment / Emissions

# The objectives: clean air and a quiet environment

We monitor our air emissions actively and constantly aim to reduce them. Some good results have been achieved with certain air pollutants and the research continues on. The noise pollution situation varies but we try to tackle sources of noise as soon as they manifest.

Reducing noise pollution improves both our employees' well-being and that of the residents of the surrounding area. Our Tehdastie factories in Järvelä are right next to the Kärkölä town centre. Therefore local residents' well-being gives us a good reason to pay special attention to noise control. Fuel shredding is one of our noisiest operations and we have sought many solutions over time to reduce the harm - we have built noise barriers and limited the shredding activities to certain times of day. In 2014, we received a large amount of feedback of the sawmill's new conveyor, and we managed to eliminate the noise it caused with minor changes. In 2015 and 2016, we contacted by factory noise. This problem was solved by closing door for the night.

## Environmentally friendly raw material

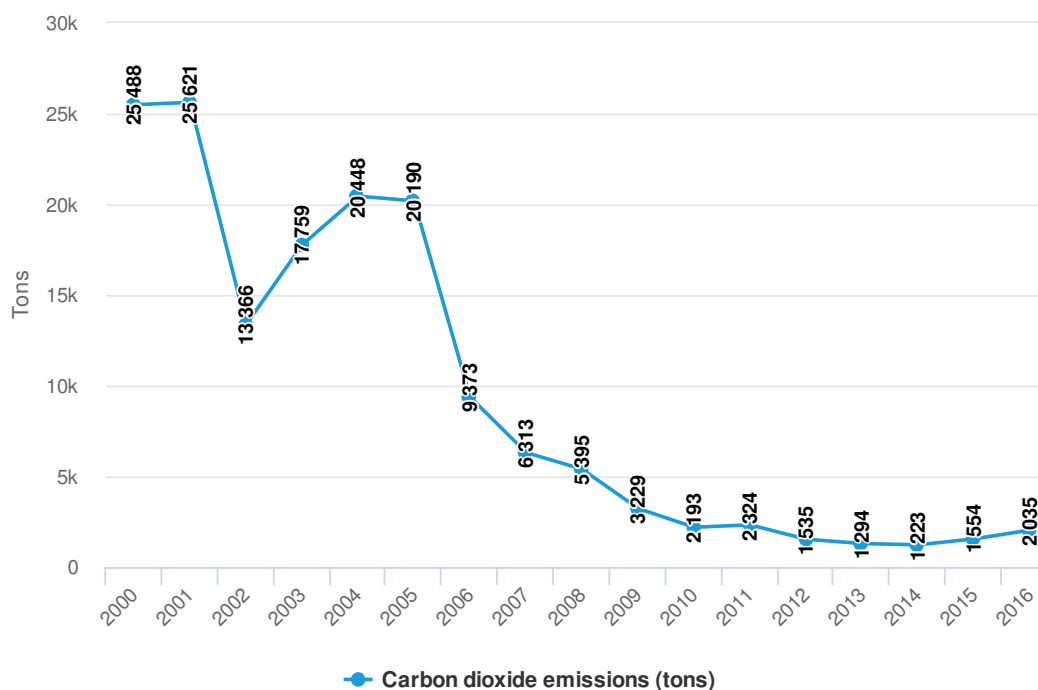
Our Group provides its own contribution in reducing greenhouse gas emissions and in mitigating climate change. A significant advantage for our business is the renewable, carbon-binding raw material we use - wood. Photosynthesis means that the wood absorbs carbon dioxide from the air, which is then stored for a long time. Sustainable wood products keep that carbon bound throughout the product's lifecycle. In heat production, our aim is to keep the share of fossil fuels as low as possible and therefore reduce our carbon dioxide emissions. The heating plants at both factories in Järvelä are included in emission trading, which means their operations are monitored, reported and externally audited, as required by the Emission Trading Act. Some of our products have already had their carbon footprints calculated, and our goal is to extend those calculations to the entire Group.

## Emission monitoring enables the detection of targets for development

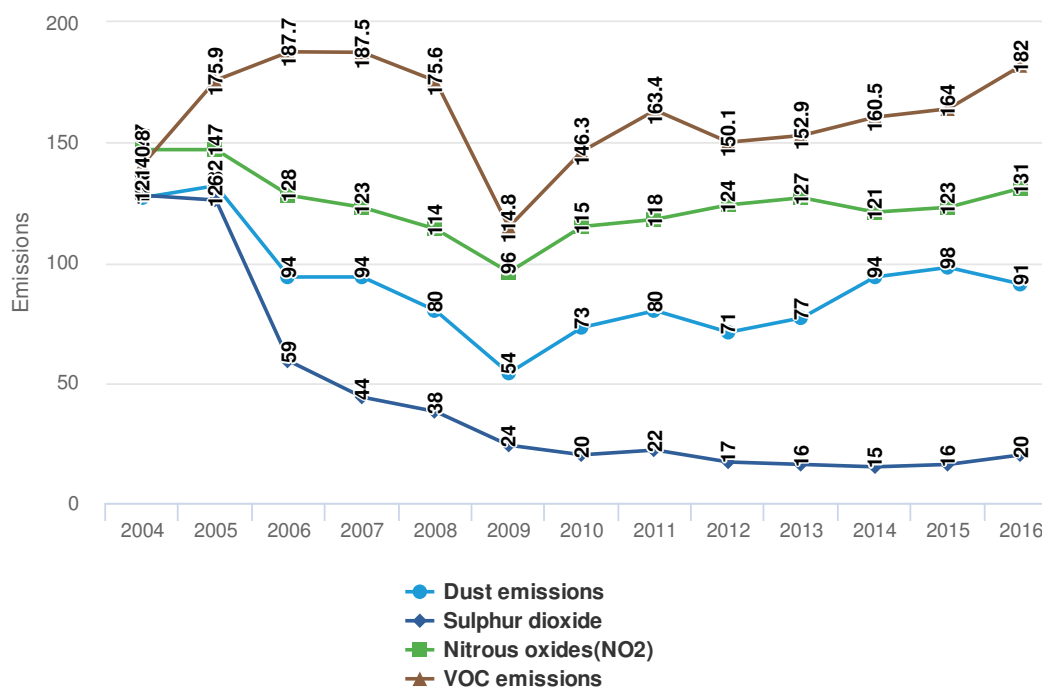
The Koskisen Oy Järvelä factories produce air emissions from production processes and from energy production. These emissions include sulphur dioxide (SO<sub>2</sub>), nitrous oxides (NO<sub>x</sub>), VOC emissions (volatile organic compounds), carbon dioxide (CO<sub>2</sub>) and dust emissions. We monitor our air emissions actively and constantly aim to reduce them. We have had good results on reducing especially our sulphur dioxide and dust emissions in 2004 - 2015.

The California Air Resources Board (CARB) has granted us an exemption on external formaldehyde emission audits to our plywood products. The reason for this is that we use ultra-low-emitting formaldehydes (ULEF) in our plywood products, which complies with the tightest CARB standard (Phase 2).

Carbon dioxide emissions from fossil fuels (Järvelä operation)



Air emissions (Järvelä operation)



## 9.6 Healthy environment / Waste

# Actions to reduce waste

We handle the recycling and re-use of the waste generated in our production. We monitor the amount of generated waste constantly and take actions to reduce the amount of landfill waste. To demonstrate this, we are included in the Ministry of the Environment's sustainable development challenge, Sitoumus 2050.

[Koskisen Oy, Sitoumus2050.fi](https://www.koskisen.fi/sitoumus2050.fi) (see English version)

## The reduction of all, but especially landfill waste is our goal

In order to reduce waste, we strive for precise sorting, which keeps the amount of landfill waste as low as possible. Waste sorting saves not only the environment, but also money, as energy waste processing costs half as much as landfill waste processing. We sort the following recyclable and re-usable waste fractions: cardboard, paper, metal, electric and electronic waste. Sorting has been enhanced in 2014 by, for example, improving the sorting in our cafeterias, offices and social areas. In 2015 the most significant change was a material utilization of aluminium coated plywood. This decreases the amount of landfill waste. The promotion of waste sorting and recycling poses the challenge of getting the Group's entire staff to be aware of the right attitudes and practices. Hirvensalmi does not provide local energy waste collection, which makes sorting difficult for the birch product industry and the Kissakoski sawmill.

### Company-level goal 2015-2017:

The share of energy waste in the total amount of landfill and energy waste at 50%.

### Outcome in 2014:

The Järvelä and Vierumäki operations' share of energy waste was at 35.4%, which is a worse situation compared to previous years. The reason for this is that the factories have cleaned out unusable non-energy waste material during 2014.

### Outcome in 2015:

The Järvelä and Vierumäki operations' share of energy waste was at 37.5%, which is a better situation compared to previous years. Waste sorting has been developed and enhanced in 2015.

### Outcome in 2016:

The Järvelä and Vierumäki operations' share of energy waste was at 39.0%, which is a better situation compared to two previous years.

## Our main raw material, wood, is a multi-use, renewable and biodegradable material

We use every part of a tree we can: logs we use to make plywood and lumber, pulpwood we send to paper and cellulose production, and the lap wood, i.e. twigs and stumps, we use as biofuel if possible.

The side products of our refining processes are used in our own heating plant. In addition to our products being recyclable, most of our packaging is as well.

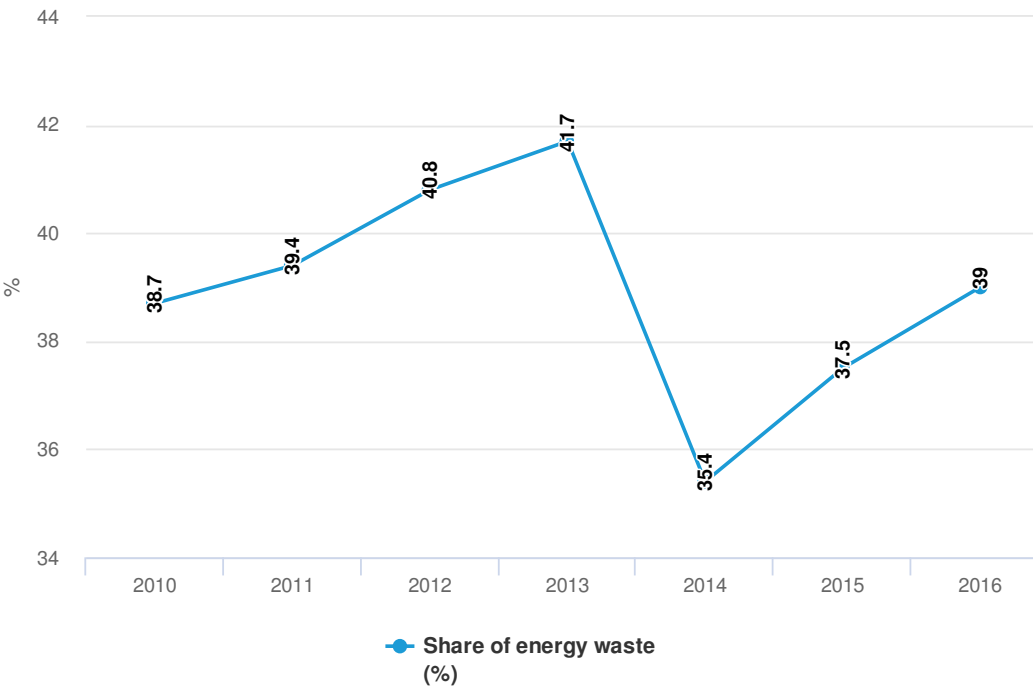
We use the sawdust and chippings produced in our other operations to make chipboard. In addition wood, the chipboard and plywood industries use different glues and coatings as material. The material for our sawmills is Finnish pines and firs. We are the only Finnish wood buyer that also uses part trunks, where the uncut log part is brought to the factory for cutting in an economic way that uses the length of the entire trunk. In addition to being more economical, this harvesting method increases the efficiency of material usage and through that, energy efficiency.

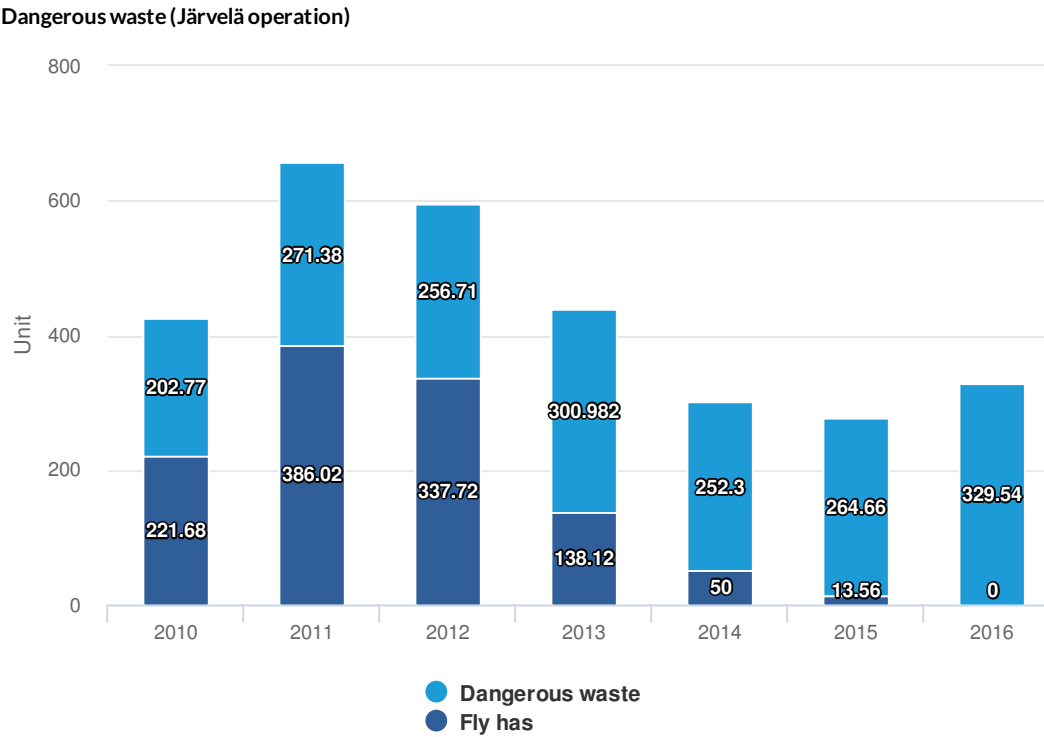
## We aim to reduce the amount of dangerous waste

The dangerous waste produced in our operation is delivered to Riihimäki for appropriate processing at Ekokem Oy. Glue and oil

waste, fluorescent tubes and batteries are some of the dangerous waste items generated during our operations. Fly ash, which was classified as dangerous waste in April 2013, we have provided, with permission, mainly to Ecolan Oy to be used as raw material in fertiliser production. This explains the significant reduction in dangerous waste in 2015. The fly ash generated during power plant outages and disturbances is appropriately delivered to Ekokem Palvelu Oy in Kouvola's Keltakangas. Specially glue wastes have increased the amount on dangerous wastes in 2016.

The share of energy waste in the total amount of landfill and energy waste







## 9.7 Healthy environment / Transportation and staff mobility



### Safe and environmentally friendly transportation

We aim to choose appropriate and environmentally friendly transportation methods and to develop reporting with transport companies. When it comes to staff mobility, we focus on economical commutes, supporting remote work and on choosing low-emission company cars.

### We promote responsibility in co-operation with transport companies

Efficiency and nature go hand in hand when it comes to transportation. The more efficient and economical our deliveries to our customers, the less we use fuel and produce emissions. We aim to minimise the environmental effects of our transports by using appropriate transport units that are as large as possible and by improving the utilisation rate of transport space. We additionally rely on the carrier's other transport needs and existing distribution channels.

We develop reporting and tracking tools with our main partners to help with operational development.

The location of our customers, shipping conditions, ordered products and their amount, and the required delivery times define the transport method used. We choose an appropriate transport method for every need. The transport methods for delivering products change by unit and market area. Car transports are primarily used in Finland, with exports being transported by trailer, container and ship freight. We only use air freight if a customer's delivery time requires it.

The share of exports varies significantly between our business units. Most of our house industry products are sold in Finland, with 90% of our superior plywood products being exported.

We favour reliable and efficient carriers who operate in a responsible manner.

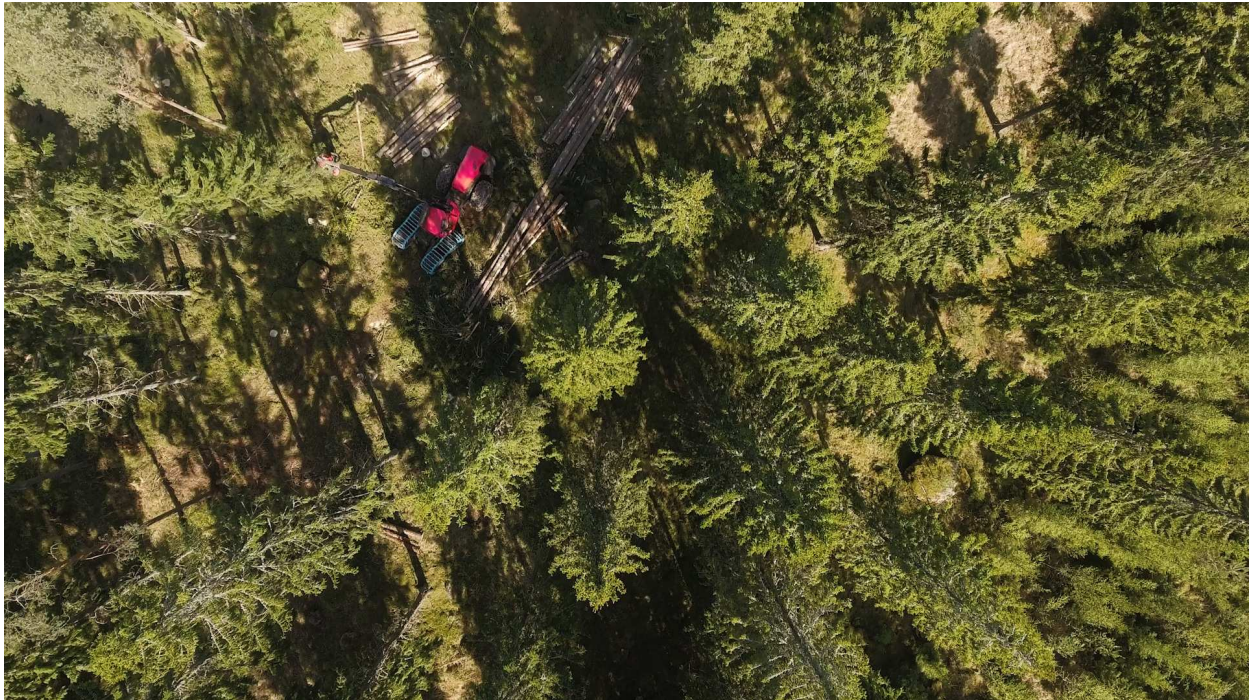
### Our staff is encouraged to the most environmentally friendly way possible

We want to consider the environmental point of view when it comes to staff mobility. That is why we have written the Koskisen Oy Travel Guidelines. When travelling on business, our staff uses the cheapest appropriate method and route of travel when considering their task. We recommend that our staff uses public transport as much as it is possible. The use of public transport creates a challenge because of our office locations.

Today's technologies make it possible to hold meetings or training sessions online, which serve to save both costs and time. We have begun to use the Lync service, which has reduced the amount of necessary business trips.

Some of our employees perform tasks that require the use of their own cars. These employees will receive company cars on the recommendation of their responsible manager. We have written a Koskisen Oy Car Policy to support the acquisition of company cars. The Car Policy's environmental considerations state that company cars must have good mileage and low carbon dioxide emissions (under 140g/km). It also recommends that the cars' combined fuel consumption stays below 6 litres per 100km.

## 9.8 Healthy environment / Sustainable forestry



### Persistent forestry

Sustainable forestry helps us ensure that there is enough wood material for future generations. We are always aware of the wood's origin and we ensure that our forestry practices make it possible for the forest to renew and that they protect the diversity of nature.

### Sustainable forestry practices make it possible to use wood in the future

The wood procurement and forestry of Koskitukki Oy is managed by our operational system, which is based on the ISO 9001 and 14001 standards and aims for continuous improvement. Koskitukki subcontractors have also committed to following the operational system requirements. We use modern equipment, which means they are more efficient than ever while producing fewer emissions. We will always take the valuable habitats stated in the Nature Conservation Act and Forest Act into account. In addition to wood trading, we can also handle reforestation. We deliver approx. 1 million Finnish seedlings, completely free of genetic modification. In addition to wood procurement, Koskitukki Oy is in charge of the Group's forest estates and also manage several tens of private forests.

### Part trunk method

Precise utilisation of raw material is a benefit to both our factories and the wood sellers. By optimising the cutting in the forest, we can ensure that trees are used as efficiently as possible by our factories – this also serves to ensure the precision in recovering logs from the forest owner's point of view. The part trunk method we use in wood procurement is unique in Finland. This method involved cutting only the fibre section from the trunk logs, with the logs being transported to our sawmill as 12-20 metre trunks. We use this method in final cutting areas that are heavily coniferous. The part trunk method and long trunk logs make it possible for our sawmills to deliver lumber to our customers quickly and flexibly.

### Taking the diversity of nature into account in forestry guidelines

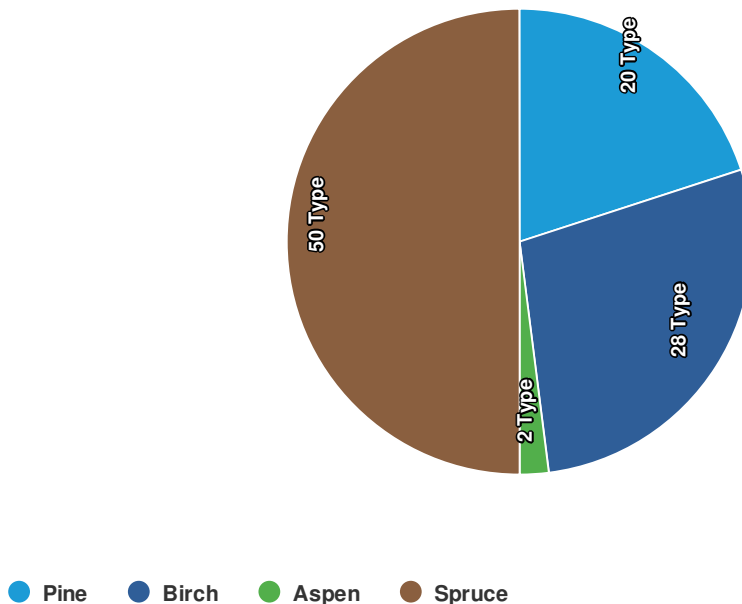
Koskitukki Oy, who are responsible for our Group's wood procurement, follows the Finnish PEFC standard's group certification criteria, one of whose main goals is to ensure the diversity of our forests. We also strive to follow the Forestry development centre Tapio's Forestry recommendations. It is a guideline on financially, ecologically, socially and culturally sustainable forestry created by operators in the forest business. The best practices for forestry that aims to preserve the diversity of nature are, for example, preserving valuable habitats and the living areas of endangered species, and leaving retention and deadwood in the forest during cutting. We live off the forest - that is why it's our responsibility to take care of them.

## The wood we use originates from sustainable sources

Wood procurement is handled by our Group's parent company, Koskitukki Oy, who also provide wood for other factories in southern Finland. Most of our wood comes from Finnish private forests, mainly in southern and eastern Finland. A small portion of our birch logs are imported, mainly from Russia. Imported wood is required because the availability of Finnish birch does not always cover the plywood industry's material needs. We have been managing the origin chain of our wood since the year 2000 according to the PEFC system, and in 2013, we were also awarded with the FSC® CoC\* certificate. These certificates ensure that wood is not procured from so-called controversial sources and that conserved forest areas are reserved for future generations. Over 80 % of the purchased wood comes from certified forests. In 2015, our production facilities used a total of approximately 1,1 million cubic metres of wood.

\*FSC logo license: FSC® 116522

Wood types in 2016





## 10 Fair partnerships



## We are a trustworthy, long-term partner to our stakeholders

Our partnerships with customers, forest owners and suppliers often continue from one generation to the next. We support local entrepreneurs and build co-operation in a fair and open environment with all stakeholders.

The quality of our operations are ensured by the ISO 9001 standard. We also follow the principles and practices on social responsibility based on the guidelines in the ISO 26000 standard. We especially focus on the working life practices, environment and consumer issues parts of the standard. We also require that both we and our partners commit to following our ethical guidelines.

We co-operate with and choose the kind of partners that support the strategy of our company and respond to our customers' needs. We aim to sign long-term contracts that enable close co-operation. We work daily with our critical suppliers and aim to avoid issues by communicating and discussing customer demands. Almost all of our procurement is done in Finland or other European countries. Our critical suppliers are financially solid companies who continue to develop their respective businesses.

## 10.1 Fair partnerships / Customers

# Customers are at the very core of our operations

Our customers are the starting point for all of our operations. We listen to the needs and wants of our customers with open ears. As a family business, we can make quick and flexible decisions. We commit to a project from the first contact and seek the optimal solution with great efficiency. Our hands and machines can give wood a million different shapes. The principles behind our sustainable operation is a high-quality, long-term and customer-first approach, highly developed production machinery and precise quality assurance methods.

We help our customers succeed by creating unique, tailored solutions that bring additional value to their own businesses. Our customers value the consistently high quality of our products and services, our reliable deliveries, expertise and the Koskisen attitude that is reflected in everything that we do.

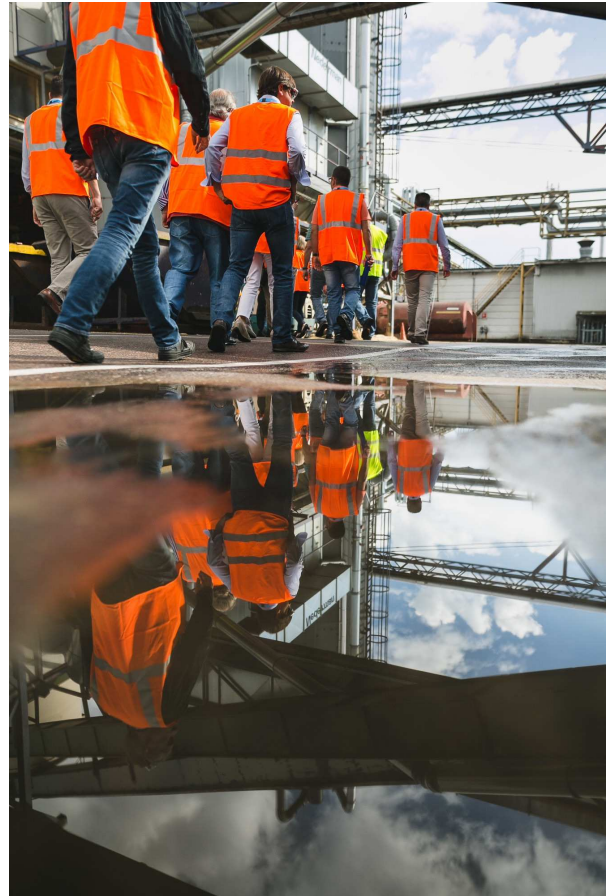
Our customers are the most important stakeholders that guide our management and decision-making. We measure customer loyalty with the [NPS](#) metric and aim to widen its usage to other areas as well.

### Goal 2015-2017:

NPS 50.

### Outcome in 2014:

NPS 47



## Long-term customer relationships are a point of honour for us

Based on our 2016 customer satisfaction survey, our customer said that we are considered to be a trustworthy partner that is easy to work with. Personal communication and excellent service is still held in high regard. There is also room for development, our delivery speeds among other things, and we aim to find solutions for these during the coming year.



### 10.1.1 Fair partnerships / Customers / Products and services



## Product and service sustainability

Our product development aims to improve the products' qualities according to responsible and sustainable development. The focus of our product development lies in improving long-term use, renewability and safety. Nearly all of our product development projects include new raw materials, which is why we co-operate closely with our suppliers and research institutes. We also co-operate with our suppliers and customers in order to improve the traceability of our products.

The analysis of our products and services' supply chain, from raw material acquisition to the end of the product's life cycle, is a part of daily risk management for us. We have reviewed our products' ecologic footprints and will continue to do so while making use of our production facilities' proximity and our ability to recycle raw material between facilities.

We constantly review our products, services and operations in order to recognise and reduce environmental, health and safety risks. We are committed to constant improvement in all our operations, products and the entire supply chain.

## Product information and traceability

We follow product requirements and standards along with ethical guidelines in the entire order and supply chain. Our products and services are traceable and their origin is always known. We follow Finnish and EU law in our product labels. In addition to the required product labels, we include optional markings on the product's qualities and manufacturing time. The CE mark shows the company's ID and the extent of quality control.

## Our research and development practises are based on customer-first attitude

Koskisen is known for its innovations in the wood business. We have been courageous about bringing new products to the market based on our vision of customer needs and their development. Close co-operation with our customers and partners is the driving force behind our R&D innovation.

## 10.2 Fair partnerships / Forest owners



# Persistence is the descriptor for our relationship with forest owners

We want to be a fair and persistent wood procurer that respects the principles of sustainable forestry. Our own procurement manager and partner network operates in close co-operation with forest owners. The wood trade and forestry are important to forest owners and they must proceed smoothly and securely.

We offer forest owners diverse forestry services for every forest phase. The services are tailored according to the needs and wishes of our customers. We offer significant wood trade partner benefits to forest owners that sell to us regularly.

Our Group's wood procurement company, Koskitukki, has tens of thousands of private forest owner customers, of whom there are more than a million in Finland. The majority of forest owners are couples, pensioners and estates located in rural areas, but this trend is changing as the forests change into the hands of the younger generations. Our goal in wood procurement is to also anticipate the needs future forest owners.

## 10.3 Fair partnerships / Suppliers and subcontractors

# Mutual respect and listening to one another

The bases for a long-term, functional partnership are fairness, mutual respect and listening to one another. Our relationship with suppliers and subcontractors is guided by our procurement criteria and ethical guidelines.

## Procurement focuses on choices that support sustainable development

The goal of our procurement operation is to promote our company's finances and to develop the quality and efficiency of our procurement. Our procurement operations are proactive and systematic. We take financial, ethical, social and ecological development into account in our procurement. Procurement planning takes total and lifecycle costs into account and ensures that the products and services are monitored economically and effectively.

We only sell ethically manufactured products. We track the origin of the wood we use and our suppliers' responsibility. We use wood origin traceability systems to ensure that all wood material is acquired from a legally and ethically trustworthy source. We emphasise the importance of traceability to our suppliers and demand it from them when necessary. Our supplier contracts require the suppliers to ensure their accountability.

We favour products and services that adhere to sustainable development in our procurement. At the same time, we expect our suppliers and subcontractors to manage their own supply chains and all of the intermediate phases. We seek a reliable, respectful and honest relationship with our suppliers that benefit both parties.

## Our ethical guideline relays our expectations for supplier and subcontractor operations

We require all of our suppliers and subcontractors to follow currently valid legislation and to respect human rights and the basic rights of working life. This means that supplier must follow international human rights agreements as well as the International Labour Organization's general agreements, the UN's Convention on the Rights of the Child, the operating country's minimum wage and working hour legislation, and general environmental, health and safety requirements. Our procurement agreements contain the following commitment: "The parties agree to take all possible measures to promote environmental friendliness and sustainable development in the performance of this contract. Practices will be developed in good co-operation and monitored regularly. "

We expect all of our supplier to respect absolute confidentiality and intellectual property.

We expect our suppliers to focus on continual improvement of their own products and services, to have a capacity for renewal and innovation, to streamline their own manufacturing processes and to increase their expertise.

We will always make our payments to the suppliers on time. Our suppliers may not offer their staff any personal, economical benefit or excessive accolades (gifts). Family relationships between our staff and suppliers may not form a conflict of interest.



## 10.4 Fair partnerships / Advertising and Marketing



## We follow good and fair marketing practices

We follow good marketing practices for all of our marketing and product launches. We present the facts of our products and their manufacture appropriately. We ensure that health and safety are protected for complete products and product design along with following sustainable development principles. We protect our customer information and don't sell it to third parties. We observe and follow the marketing and related changes in legislation and official recommendations when it comes to our marketing.

We offer customer and technical support on our website via the contact form. In addition our sales contact info found at website.

Link to our [Privacy Policy](#)

## 10.5 Fair partnerships / Social dialogue and networking



## We take an active role in the society

Our Group is a locally visible, Finnish employer at its locations. Our goal is to bring about positive co-operation and to maintain it with our stakeholders.

In 2014, we studied our most important stakeholders and influence channels. Our strategy and local needs guide our activity in the networks. Our support activities have also taken long-term strategic reviews into account.

In 2015, we increased our community involvement.

In 2016 we actively lobbied towards the governmental officials to promote good public accessibility to our work places.

Additionally, in our internal training, we will make use of representatives from external networks according to needs and possibilities.

Our advocacy activities will mostly be performed through our active memberships.

## The society's acceptance must be earned

The societies in the towns our factories are located in are significant for finding and retaining new, excellent employees. Our goal is to increase our connections with the local communities.

This took place in the form of a Partnership day that was arranged in October 2015. We also work closely together with Kärkölä community officials to improve the attractiveness of the area and to engage the outcast youngsters. Koskisen Oy arranged a special event in June 2015 where local youth workers, representatives of local entrepreneurs, local community officials and representative of local school considered tools to prevent the exclusion of youth. The work continues in the form of mutual work shops.

The first-year students of Lahti University of Applied Sciences visited Koskitukki harvesting site on 17.2.2016. Senior lecturer Ilkka Tarvainen takes students regularly to forests in order to see in practice from where and how the raw material flow starts. The students were able to see how trees are felled, cut and transported with forest machinery to the nearby forest roads for further transportation. A total of 25 students participated in the event this time. Sauli Olkkonen and Juha Markkanen were hosting the day from Koskitukki side. They gave a short company presentation which was followed by a mutual discussion on forestry practices, harvesting methods, security, measurement and quality requirements and the usage of energy wood. The most eager students were offered the opportunity to co-follow actual felling from inside a harvester. And of course, grilling sausages on a campfire is always part of a good forest excursion.

We implement many projects in closely co-operation with educational institute and students.

## Networking helps us stay up to date with changes in our business environment

We are actively involved in several different non-profit organisations. By networking, we are able to develop our learning and to innovate and interact with other operators.

We are members of the following networks:

- [Perheyritysten Liitto \(PL, Finnish Family Business Association\)](#)
- [Corporate Responsibility Network FIBS ry](#)
- [Sahateollisuus](#)
- [Suomen sahateollisuusmiesten yhdistys](#)
- [European organisation of the sawmill industry](#)
- [European Panel Federation \(EPF\)](#)
- [European Federation of the Plywood Industry \(FEIC\)](#)

We have also signed a contract with LAMK (Lahden Ammattikorkeakoulu, Lahti School of Applied Sciences) on 3.9.2015 to intensify the co-operation. The contract creates possibilities for further partnership in the longer run. Listed below are also links to our other active partners (only the ones providing pages in English listed)

- [Lahti University of Applied Sciences \(LAMK\)](#)
- [Mikkeli University of Applied Sciences \(MAMK\)](#)
- [Aalto University](#)
- [Salpaus Further Education](#)
- [Saimaa Vocational College](#)



### 10.5.1 Fair partnerships / Social dialogue and networking / Sponsorship and support activities

## Our support activities focus on youth

The basic idea behind our support activities is to get behind activities or communities that benefit our company's continuity along with our employees' well-being at work and the development of their expertise. We want to be involved in building partnerships as early as possible and right now, our support activities are focused around three main themes:

- Developing the skills of future employees
- Supporting the well-being of future employees
- Supporting research in the business and related thesis work

The theme of "future employees" is meant to support the local junior high school and the wood technology engineer training at Lahti University of Applied Sciences in the form of scholarships. We will also support thesis work or dissertations on a case-by-case basis.

The theme of "youth well-being" is meant to support chosen targets in youth sports on a national level.

We have also initiated a partnership with a young, promising skier, Lauri Lepistö, who won the U20 World Championships in January 2016 in classic style. While we support Lauri's skiing career, he has been organising ski schools to our personnel during first quarter of 2016 and 2017.





# Committed to Wood

**For more information on us and  
our corporate responsibility**

[www.koskisen.com](http://www.koskisen.com)

[www.commitment.koskisen.fi](http://www.commitment.koskisen.fi)

[www.committedtowood.koskisen.com](http://www.committedtowood.koskisen.com)

