

Sustainability Management at Mayr-Melnhof

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Mayr-Melnhof Karton AG

- 60 % owned by the families Mayr-Melnhof, 40 % at the stock exchange
- Three divisions: MM Cartonboard, MM Packaging, MM Graphia
- MM Cartonboard: 9 mills in Europe (2 in Austria, 3 in Germany, 1 in Switzerland,
- 1 in The Netherlands, 1 in Slovenia, 1 in Bulgaria), production 1 500 000 to Cartonboard per year, mainly based on recovered paper (appr. 90 %)

History of Sustainability

The family Mayr-Melnhof is the biggest private owner of forest in Austria and owner of the fishing allowance in the river after the mill. Therefore the family forced MM Karton always to promote in preserving the environment.

Active environmental protection and careful production processes are the target of constant investment.

The mill in Frohnleiten has changed from virgin fibre to waste paper as early as 1951. Since 1986 we use natural gas instead of mineral oil for energy production. Other examples could be quoted like the closed water circuit or a two stage biological water treatment plant that was build 1986 - 1988 as first industrial waste water plant in the paper industry and some years before the authorities started a program to clean the river Mur.

MM never had an own environmental cost accounting. Day to day expenses and costs for investments only done for environment reasons are taken into account but there never was a calculation for additional costs for the environment when investments on the production site were done. The management of MM believes that such costs have to be included in the investment costs because to be Best in Business and State of the Art includes also to be Best in Business and State of the Art in the field of environment.

To take into account sustainability at very early steps the executive management connected deputies as follows:

Head R&D	➔	Commissioner for the environment
Raw materials purchaser	➔	Commissioner for waste management
Head energy and water supply	➔	Commissioner for exhaust air and waste water
Commander of the fire-brigade	➔	Commissioner for dangerous materials
Head supply depot	➔	Commissioner for Human Safety

Why EMAS ?

With the publication of the Eco-Management and Audit Scheme (EMAS) through the Council of the European Communities in 1993 the

management of MM Karton decided to introduce this system. We believed to be at a very high environmental performance and we wanted to get it confirmed from independent parties. And we recognised the possibility for a

correct and comparable information about the environmental level of the company to the public and authorities.

A company with a low environmental standard will profit by EMAS or ISO 14001 much more than a company with a high standard. So it is difficult to say how much money the implementation costs and what savings can be achieved. On the other side what would be if you do not have such a system - in one year, in five years? Will you still be able to meet requirements from the customers, the community or the governments? Therefore the executive management of MM did not expect cost savings when introducing this system.

How we made it

As in all other projects, there has to be a leader and a team of experts to lead this mission. We decided to make it without external assistance except for educating the employees. Time of implementation 1,5 years, internal expenditure appr. 3000 hours, external costs (without investments) appr. € 40 000.-

What were the Changes/Benefits at MM ?

- Have all figures that were available in different departments are available at one place now
- Establishing of written rules instead of verbal hand over
- Clear fixing of responsibilities for all environmental matters (for example: communication with the press in case of an environmental accident, information to the authorities)
- Installation of an EDV-system for efficient control and care of legislative and regulatory requirements (we have to take care on more than 200 laws and more than 200 rulings)
- Installation of „environmental corners“ all around the site for correct and fast

treatment in case of leak out of oil or chemicals

- Increasing environment-consciousness of people from MM
- Easier acceptance of “small” investments for environmental reasons
- Easier to answer questions on environment police to customers
- Acceptance by customers

Disadvantages/Disappointments

- No respectively less knowledge at the authorities about EMAS and ISO 14000
- No interest from direct neighbours
- No respectively less interest from opinion-makers (teacher, medical doctors, communal politicians)
- Waste time for (sometimes useless) documentation
- Much more costs for certification and running the systems than benefits
- Higher (sometimes unrealistic) expectations from interested parties and employees

Examples of weak points

- Validation from the Austrian Environmental Agency is very bureaucratic, partially without understanding backgrounds and time consuming (Revalidation Oct. 2002, first response March 2003, validation end of May 2003; Register Number of MM is 54 because a time lag of the authorities 3 months more than foreseen in the law)
- Stubborn valuation of the Environmental Declaration (e.g. comparison of figures not comparable or without having the background; lowering the performance because we do not explicit describe our willingness for recycling in the environmental policy by not accepting that MM is a recycling company)

Would we do it again ?

We believe that the advantages are more than the disadvantages. The system without some of

required bureaucracy would be perfect, but will you start the work voluntary on such a basic not having this system?

MM has certified 4 mills, the other have to fulfil the same requirements but they are not audited externally, only internally. You need the system to introduce the benefits but you can earn much more benefits by introducing only the relevant parts. At least one site should always be certified by external parties to avoid a standstill. An internal benchmarking on environmental issues gives an internal competition and our executive management takes care that all have to follow the Best in Environment.

Conclusion

We believe that the adoption of EMAS and ISO 14001 or the relevant parts of it will increase the benefits for the society.

All the systems including sustainability should avoid too much bureaucratic demands, should avoid demands that you have to fulfil by law (because to fulfil them is self-evident), should avoid demands that companies cannot influence their selves and should always consider local and specific circumstances.