

Fibre

procurement



Tracing every step

Stora Enso promotes good forest management. It is vital to ensure that the origin of all the wood fibre used by the Group can be traced, in order to guarantee that all the fibre used in Stora Enso products comes from sustainably managed sources.

Stora Enso operates in all major forest zones around the world, and the sources of the fibre used by the Group are increasingly varied. This underlines the need to be able to trace the origin of fibre in every product, even when pulp or chips produced by another company are used.

Fibre sources should be fully in accordance with Stora Enso's corporate values, strategies and policies, and must also be consistent with the key elements of social, ecological and economic sustainability – including issues related to human rights, for instance. These principles, as confirmed by Stora Enso's Group Management in November 2001, are the framework for the operations of the Group's regional wood procurement organisations.

Environmental and quality management systems are useful tools for tracing and documenting the origin of fibre. In wood procurement areas where no other verified systems are in place, Stora Enso's internal documentation system is used. Chain-of-custody verification for wood flows from certified forests is another important method, with the Swedish FSC-approach being a prominent example (see table on page 15). Chain-of-custody verification can also be integrated into the organisation's Quality Management System, as is the case with all Finnish and Russian wood flows. The whole system is verified by a third party, and in Finland the wood comes from PEFC-certified forests.

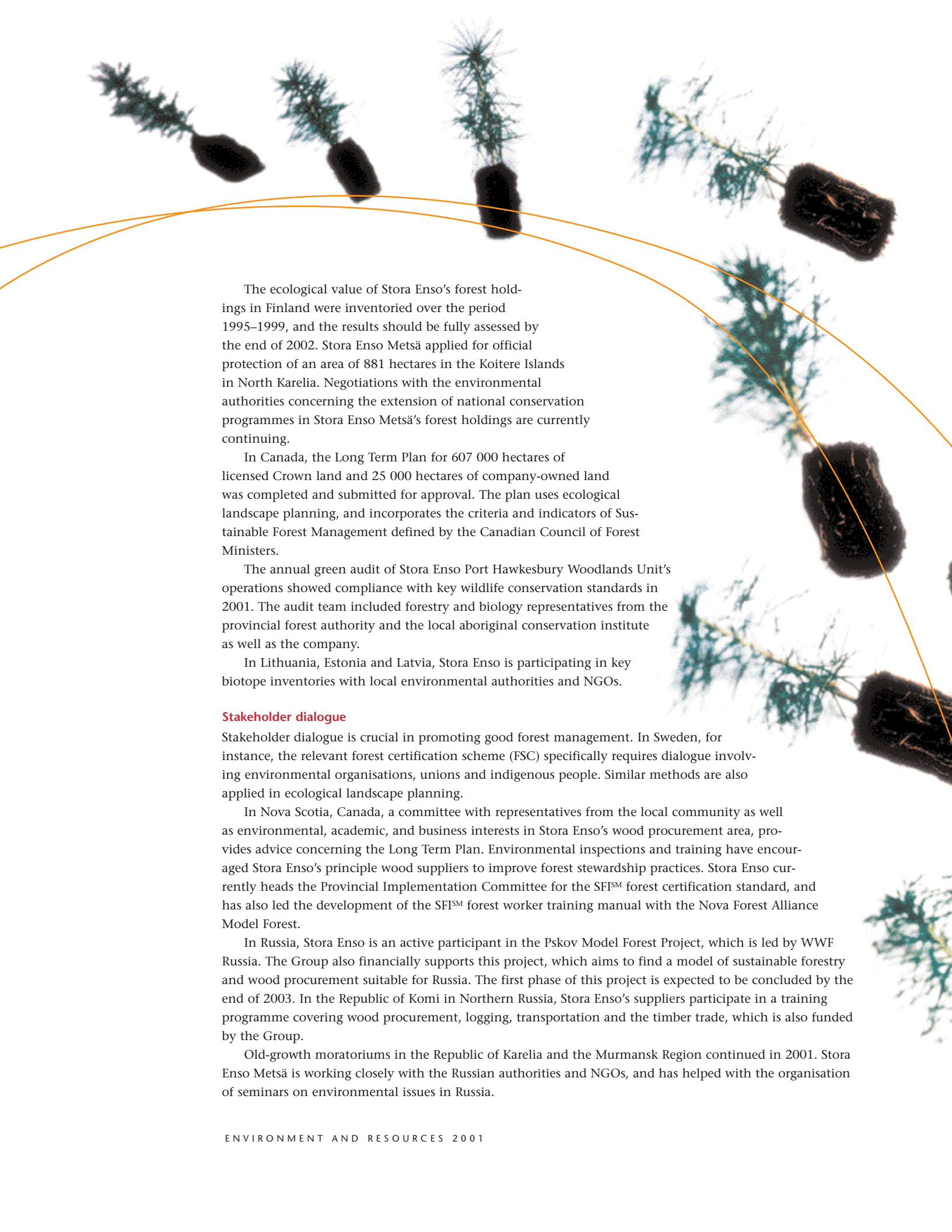
Stora Enso is also working actively to improve the quality of information concerning the origin of fibre in the Baltic Countries, aiming to increase the awareness and understanding of local and global environmental issues.

In the US, all pulpwood can be traced back to its delivery location, which in most cases is where the wood is harvested.

Balancing conservation and economic use

Stora Enso's ecological landscape plans strive to balance the sustainable use of forests with conservation measures. This method is applied on leased land as well as on the company's own land. In Sweden, ecological landscape planning covers a total area of 1.3 million hectares – 84% of Stora Enso's productive forest holdings. Ecological landscape plans, based on key biotope inventories, have been drafted or approved for 98% of this area, and plans for the remaining sites will be ready by 2003.

There has also been progress with the ecological landscape planning of Stora Enso's forest holdings in Finland. Six new plans covering a total area of 23 500 hectares were started in 2001. A special joint planning project has been set up in Ruokolampi in southeastern Finland to test an optimising method developed by the Finnish Environment Institute to find and preserve the most ecologically valuable sites.



The ecological value of Stora Enso's forest holdings in Finland were inventoried over the period 1995–1999, and the results should be fully assessed by the end of 2002. Stora Enso Metsä applied for official protection of an area of 881 hectares in the Koitere Islands in North Karelia. Negotiations with the environmental authorities concerning the extension of national conservation programmes in Stora Enso Metsä's forest holdings are currently continuing.

In Canada, the Long Term Plan for 607 000 hectares of licensed Crown land and 25 000 hectares of company-owned land was completed and submitted for approval. The plan uses ecological landscape planning, and incorporates the criteria and indicators of Sustainable Forest Management defined by the Canadian Council of Forest Ministers.

The annual green audit of Stora Enso Port Hawkesbury Woodlands Unit's operations showed compliance with key wildlife conservation standards in 2001. The audit team included forestry and biology representatives from the provincial forest authority and the local aboriginal conservation institute as well as the company.

In Lithuania, Estonia and Latvia, Stora Enso is participating in key biotope inventories with local environmental authorities and NGOs.

Stakeholder dialogue

Stakeholder dialogue is crucial in promoting good forest management. In Sweden, for instance, the relevant forest certification scheme (FSC) specifically requires dialogue involving environmental organisations, unions and indigenous people. Similar methods are also applied in ecological landscape planning.

In Nova Scotia, Canada, a committee with representatives from the local community as well as environmental, academic, and business interests in Stora Enso's wood procurement area, provides advice concerning the Long Term Plan. Environmental inspections and training have encouraged Stora Enso's principle wood suppliers to improve forest stewardship practices. Stora Enso currently heads the Provincial Implementation Committee for the SFISM forest certification standard, and has also led the development of the SFISM forest worker training manual with the Nova Forest Alliance Model Forest.

In Russia, Stora Enso is an active participant in the Pskov Model Forest Project, which is led by WWF Russia. The Group also financially supports this project, which aims to find a model of sustainable forestry and wood procurement suitable for Russia. The first phase of this project is expected to be concluded by the end of 2003. In the Republic of Komi in Northern Russia, Stora Enso's suppliers participate in a training programme covering wood procurement, logging, transportation and the timber trade, which is also funded by the Group.

Old-growth moratoriums in the Republic of Karelia and the Murmansk Region continued in 2001. Stora Enso Metsä is working closely with the Russian authorities and NGOs, and has helped with the organisation of seminars on environmental issues in Russia.

Research and training

Training and research work continued to be a part of everyday operations in all wood procurement areas, with notable projects underway in many areas.

In Brazil, a total area of 34 784 hectares of remnants of ecologically valuable Atlantic Rainforest at different developmental stages were mapped in forests belonging to the plantation company Veracel, which is partly owned by Stora Enso. Nurseries produced 300 000 seedlings of native Atlantic Rainforest species, and 279 hectares have been planted. Veracel has also developed a programme of financial support for educational and social projects in local communities, in co-operation with the Brazilian Development Bank.

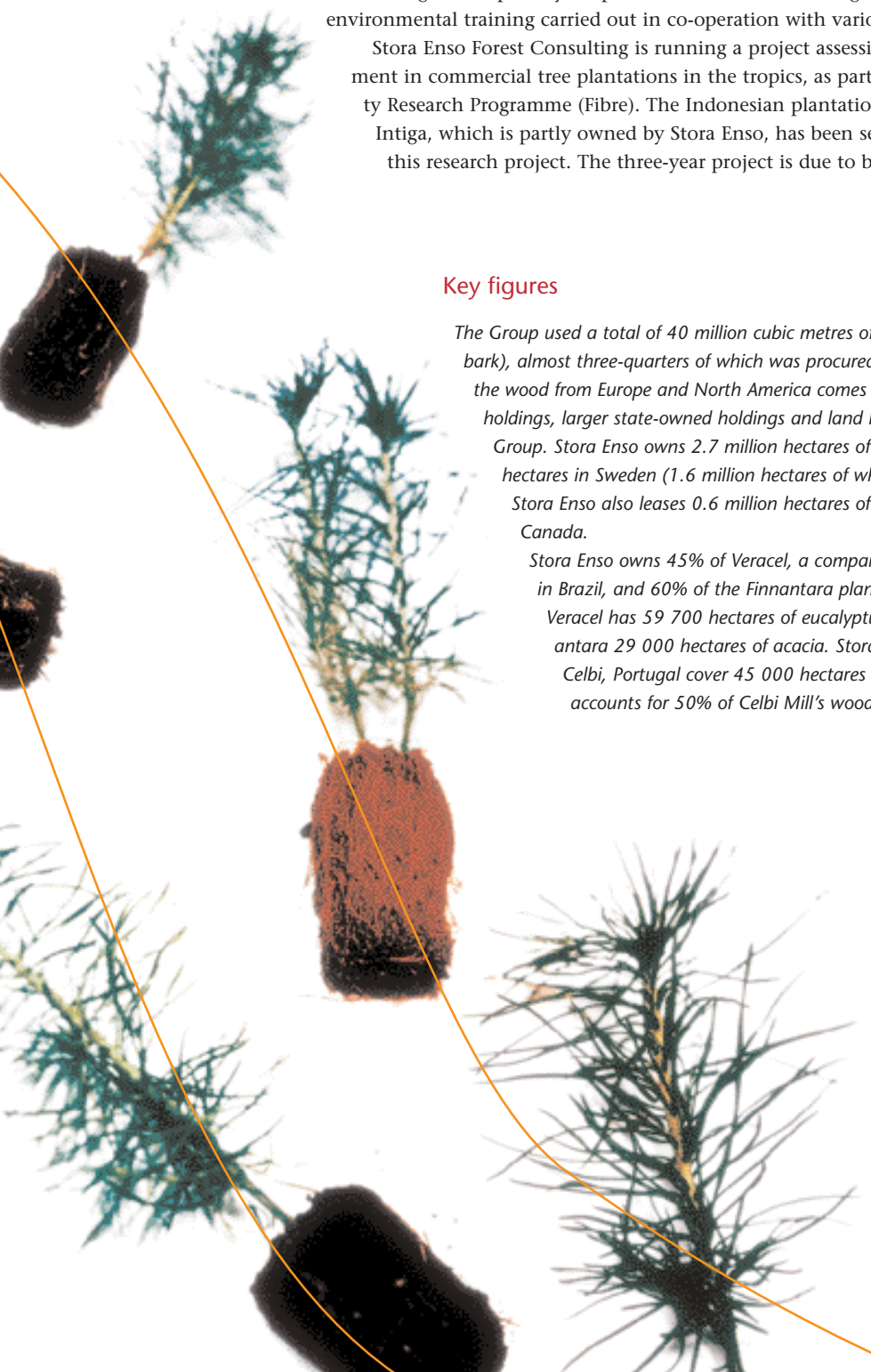
Stora Enso Celbi is currently developing a set of criteria and indicators for sustainable forest management specially adapted for conditions in Portugal. This process also involves environmental training carried out in co-operation with various stakeholders.

Stora Enso Forest Consulting is running a project assessing biodiversity management in commercial tree plantations in the tropics, as part of the Finnish Biodiversity Research Programme (Fibre). The Indonesian plantation company PT Fannantara Intiga, which is partly owned by Stora Enso, has been selected as a case study for this research project. The three-year project is due to be completed in 2002.

Key figures

The Group used a total of 40 million cubic metres of wood in 2001 (solid under bark), almost three-quarters of which was procured in Western Europe. Most of the wood from Europe and North America comes from small private forest holdings, larger state-owned holdings and land leased or owned by the Group. Stora Enso owns 2.7 million hectares of forest, including 1.9 million hectares in Sweden (1.6 million hectares of which is productive forest land). Stora Enso also leases 0.6 million hectares of forest, mostly in Nova Scotia, Canada.

Stora Enso owns 45% of Veracel, a company that manages plantations in Brazil, and 60% of the Fannantara plantation company in Indonesia. Veracel has 59 700 hectares of eucalyptus plantations, and Fannantara 29 000 hectares of acacia. Stora Enso's forest operations in Celbi, Portugal cover 45 000 hectares of Eucalyptus globulus, which accounts for 50% of Celbi Mill's wood consumption.



Integrating pulp production

Stora Enso uses pulp produced within the Group whenever possible. When external pulp is needed, Stora Enso expects suppliers to comply with the requirement that fibre must come from sustainable sources.

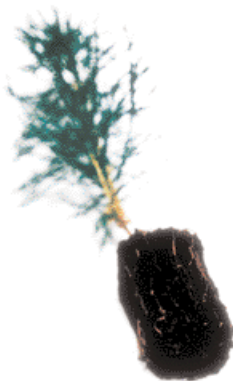
Stora Enso dissolved its Pulp Division in 2001 by reallocating non-integrated pulp mills to other divisions. This restructuring did not affect the operations of the pulp mills, and the Group's pulp balance also remains intact. Pulp production is now better integrated into Stora Enso's paper and board business, with transportation solutions optimised and different pulp grades more efficiently directed to end-users.

Pulp Sales continues its activities as before. A Pulp Competence Centre was established in the Packaging Boards Division.

Pulp balance 2001¹⁾

1 000 tonnes	Long-fibre	Short-fibre	Fluff	Total
Production	1 990	2 152	183	4 325
Sunila ²⁾ (50%)	0	150	0	150
Total production	1 990	2 302	183	4 475
Deliveries to own mills	1 663	1 990	0	3 653
External deliveries	327	312	183	822
External purchases	246	523	0	769
Pulp balance	81	-211	183	53

¹⁾Figures are based on production and deliveries during 2001. ²⁾Associated company



Environmental management systems

Stora Enso Forest

Stora Enso Forest Sweden (Stora Enso Skog)	EMAS	– Wood Supply Unit audited December 2000 – registration granted in 2001
	ISO 14001	– Wood Supply Unit audited December 2000 – certification granted in 2001 – Ludvika Management Region certified in 1999
Stora Enso Forest Finland (Stora Enso Metsä)	EMAS	– the first Finnish forestry organisation approved for an EMAS test register in 1999 – now transferred to the main EMAS register in connection with the revision of EMAS regulations
	ISO 14001	– certification granted in 1998 – renewed in 2001 after monitoring audit
Stora Enso Forest Central Europe	EMAS ISO 14001	– still in start-up (founded during 2001), so EMAS registration and ISO 14001 certification processes have not yet commenced – a system for documenting the origin of fibre will be created during 2002
Stora Enso North America		
Stora Enso North America Forest Resources, USA	ISO 14001	– certification due to be completed during spring 2002, to cover major open market suppliers (over 9 320 m ³ of wood per year)
Stora Enso Port Hawkesbury Limited Woodlands Division, Canada	ISO 14001	– certification audited for renewal December 2001 – certification will cover planning, harvesting, silviculture, road construction on company controlled lands, and all wood transportation – includes a program designed to encourage principle wood suppliers to adopt good stewardship practices
Plantations		
Stora Enso Celbi, Portugal	ISO 14001	– certification granted early 2001; currently being audited for renewal in February 2002
Veracel, Brazil	ISO 14001	– certification process started July 2001 – Forestry Management Activities related to plantations and pulpwood due to be certified later in 2002

Forest certification systems

Stora Enso's involvement in forest certification should always contribute to good forest management. A variety of certification tools are currently available, each with their own specific features and geographical scope. The Group is working towards the mutual recognition of credible certification schemes, and steps have been taken both on the national and international level. Extensive discussions were held with stakeholders during 2001 in Sweden, for instance.

Read more about Stora Enso's forest certification principles at www.storaenso.com/environment.

Stora Enso Forest

Stora Enso Forest Sweden (Stora Enso Skog)	FSC	All Stora Enso Skog's forest holdings in Sweden are FSC-certified. The Ludvika management region was the first area in Sweden to be granted FSC certification, back in 1996. All the transportation of wood from Stora Enso's forests to measuring stations at mills is chain-of-custody certified. Three of Stora Enso's four sawmills in Sweden are covered by FSC chain-of-custody certification at the product level. Part of Norrsundet Mill's pulp production also has FSC chain-of-custody certification.
Stora Enso Forest Finland (Stora Enso Metsä)	FFCS/PEFC	Stora Enso Metsä participates in the Finnish Forest Certification System (FFCS), which is endorsed by PEFC. The chain-of-custody system covers all fibre sources from the forests to the mills. Seven of Stora Enso's eight sawmills in Finland are covered by chain-of-custody certificates at the product level.
Stora Enso Forest Central Europe	PEFC	Bad St Leonhard Sawmill received PEFC chain-of-custody certification in 2001.
Stora Enso North America		
Stora Enso North America Forest Resources, USA	SFI SM	The Sustainable Forest Initiative SM (SFI) certification of Stora Enso North America Forest Resources, USA was completed in July 2000, and covers land management and wood procurement practices. A Public Audit Summary of Sustainable Forest Initiative SM (SFI) certification findings has also been conducted for stakeholders.
Stora Enso Port Hawkesbury Limited, Woodlands Division, Canada	SFM	The Canadian Standards Association (CSA) programme for Sustainable Forest Management (SFM) certification of Stora Enso Port Hawkesbury Woodlands Division, Canada is due to be achieved during 2002, meeting both CSA and SFI standards. The CSA standard will be applied to company-controlled lands, and the SFI standard will be applied to all land management and wood procurement activities.

PEFC – The Pan-European Forest Certification Scheme, which endorses the FFCS. The SFISM and CSA Z809 systems are also PEFC members. FFCS – The Finnish Forest Certification System. FSC – Certification by the Forest Stewardship Council. SFISM – The Sustainable Forestry Initiative of the American Forest & Paper Association. CSA Z809 – Forestry certification criteria of the Canadian Standards Association program for Sustainable Forest Management.

Organisation

Stora Enso Forest is the wood procurement organisation for the Group's Finnish, Swedish and Central European mills. It consists of Stora Enso Metsä in Finland, Stora Enso Skog in Sweden, and Stora Enso Forest Central Europe. Stora Enso Metsä has overall operative responsibility for international wood procurement from Russia, and Stora Enso Skog has the same role for imports from the Baltic Countries. These organisations also manage the Group's forest holdings. Stora Enso Forest Central Europe, based in Düsseldorf, was formed in summer 2001 to manage wood procurement for Stora Enso's mills in Central Europe.

The Stora Enso North America Forest Resources Unit is responsible for wood procurement for the Group's US operations, and the management of company-owned land in the US and Ontario, Canada. The Stora Enso Port Hawkesbury Woodlands Unit is responsible for wood procurement and the management of company land and licensed Crown lands in Nova Scotia, Canada.