

Responsible

– globally and locally

I am pleased to note that we have been able to continue leading the way by making considerable improvements in our environmental work. This confirms that our systematic efforts for the environment are continuously improving our performance, as can be seen from the highlights of our achievements during 2001, presented on page 3 of this report.

The climate change issue is at the top of the global environmental agenda, and is likely to remain there for the foreseeable future. Although the magnitude of the threat is the subject of conflicting scientific views, the need to act to abate climate change is already a reality. Stora Enso, along with the rest of the forest products industry, is well positioned to make significant contributions.

We are committed to continuing our pro-active work, and have now defined a Climate Change Policy for the Group, expressing our ambition to make optimum use of our opportunities to combat climate change. The three main pillars of the policy are improvements in energy-efficiency, new combined heat and power generation schemes, and the promotion of bio-fuels in our energy production.

Stora Enso intends to use its potential to mitigate climate change through joint efforts involving both other businesses, and other sectors of society. The success of these efforts will largely depend on the frameworks defined by society as a whole. It is vital that suitable incentives are provided to encourage industry to carry out the necessary concrete measures. Stora Enso sees voluntary agreements as important tools for creating industry-driven solutions. The Group advocates fair, cost-efficient and viable rules and mechanisms aimed at mitigating climate change.

Emissions trading and other flexible mecha-

nisms are measures that must be further discussed and developed, particularly since the interrelationship between emissions trading and other policy instruments is still unclear. In the meantime, Stora Enso intends to go ahead with preparations to operate within an eventual framework of Kyoto mechanisms.

The global context

The climate change issue is a prime example of how environmental issues must be seen in the larger, global context. Such issues also encourage us to see business operations in a holistic way. For us as a forest products company, this naturally involves looking at the entire product chain, from the raw materials right through to product stewardship.

Most managed forests have a positive net growth, and thus function as carbon sinks, absorbing carbon dioxide from the atmosphere. Timber products can lock up carbon for long periods, and even paper and board products represent a carbon stock, particularly since they can be repeatedly recycled. Meanwhile, the intensive use of bio-fuels instead of fossil fuels in Stora Enso's mills generates CO₂-neutral energy. These factors all count on the credit side in the carbon balance for a forest products company.

Meeting targets

Our consolidation of our leading position in the adoption of environmental management systems was a major feature of our environmental work during 2001. The proportion of our paper, pulp and board production capacity covered by ISO 14001 and/or EMAS has now increased to 87% (from 80% in 2000). All Stora Enso's Nordic sawmills are also EMAS-registered.

I am proud to report that our Suzhou Mill in China has now received ISO 14001 certification, and that our operations in the USA have achieved their target of becoming fully prepared for certification by the end of 2001. This means that during 2002 the vast majority of our productive operations will be organised within systems that consistently strive to meet specific environmental goals, and clearly communicate their achievements to stakeholders.

At Stora Enso we have chosen to work towards locally set targets for traditional environmental parameters, rather than Group-level targets. We are convinced that most practical environmental work must primarily be based on local conditions, including specific ecological, technical and social considerations.

Our achievements are reflected in the fact that for the third year in a row Stora Enso has been listed in the Dow Jones Sustainability Index. We also feature in the recently introduced FTSE4Good index.

In last year's Environmental Report I mentioned our plans concerning social responsibility. I can now report that our Board of Directors has accepted a set of Principles for Corporate Social Responsibility, which are presented in detail in the Stora Enso 2001 report. These new principles complement our Environmental and Social Responsibility Policy, helping us to address all aspects of sustainable development – locally and globally.

Björn Hägglund
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the Stora Enso Environment Committee*

