

On the right road

Stora Enso's position as the leading forest products company in the Dow Jones Sustainability Index reflects continual improvements in our environmental performance, and recognises our efforts to balance the various aspects of sustainability.

With global product markets growing continuously, the need to find a good balance between the conservation and the sustainable use of material resources becomes even more crucial. The forest products industry has a unique position in this respect, since it is fundamentally based on renewable resources.

As a leading forest products industry company, Stora Enso's vision for the future is to realise the potential of this advantageous position in a responsible and transparent way, in close partnership with our stakeholders.

Investments produce results

Summing up our progress during 2002, I am pleased to note that in many areas we have continued to improve our environmental work. One factor behind these improvements is the way we have continued to develop our asset structure. Significant recent investments are now bearing fruit. We are continuing to implement our strategy for environmental

improvement, in order to boost our environmental performance through projects which are also economically viable, thanks to the increases in productivity and product quality they bring about.

I believe economic growth is a basic pre-condition for environmental improvement, since without economic sustainability, attempts to achieve social and environmental improvements will ultimately prove futile.

More progress in implementing management systems

Although technical issues form the basis for improvements, the decisive factor in our environmental achievements is how we make the most of our personnel's commitment to the environment. Our unrivalled implementation of environmental management systems has been crucial in this respect.

I am proud to report that during the past year we reached 95% coverage for third-party-verified environmental management systems in our pulp, paper and board production

capacity (up from 87% in 2001).

This is thanks to our North American mills, who have worked purposefully to introduce and certify environmental management systems in an impressively short period. Formal certification of the remaining uncertified North American mills is scheduled for January 2003, and this will accomplish Stora Enso's goal of ensuring that the Group's entire pulp, paper and board production is covered by third-party-verified environmental management systems.

I am fully convinced that these efforts are strengthening our environmental work even further by directing our efforts towards addressing local needs and conditions – especially since the quantitative goals for our environmental management systems are unit-specific and mill-specific.

I am also pleased to note great improvements in resource utilisation, reflected in a dramatic 25% reduction in the landfilling of solid waste, achieved through locally focused efforts driven by environmental management systems.

Climate – a local and global issue

One issue with far-reaching implications both locally and globally is climate change. Mitigating climate change is a global challenge that must be met with local measures, determined in both legal and technical terms by local conditions.

Seen in a wider perspective, forest industry operations comprise both sources of carbon dioxide emissions, and mechanisms for absorbing and storing carbon. Compared to products made from competing materials, our products often have clear benefits in terms of their climatic impact. This gives the forest products industry a distinct advantage as society attempts to combat climate change.

Even while we await political decisions on national and international regulation systems, we must independently continue to improve our energy-efficiency, and replace fossil fuels with bio-fuels. The share of bio-fuels in our own energy production has risen to 62%, from 60% in 2001, and emissions of carbon dioxide from the combustion of fossil fuels were reduced in spite of increased production.

We are also closely following the development of new flexible mechanisms related to emission limits and emissions trading. Our North American division, for example, is a founding member of the Chicago Climate Exchange.

Ensuring fibre comes from sustainable sources

One of our most important operational issues is to guarantee that flows of raw materials and additives originate from acceptable sources. Our fibre strategy – which is a key instrument in this context where wood, purchased pulp and recovered paper are concerned – covers all the relevant aspects of quality, cost and sustainability.

Important progress in this work has been achieved through the harmonisation of wood procurement principles across the Nordic Countries, Russia, the Baltic Countries and Central Europe. These principles stress the importance of documenting the origin of fibre, and also provide detailed guidelines for everyday oper-

ations. Our traceability system has already been integrated into third-party-verified management systems in Sweden, Finland and Russia.

In order to communicate our achievements in sustainable forest management to our customers, we use four different forest certification systems – each in its own national or regional context. We are also supporting efforts to attain the mutual recognition of credible certification systems.

Stora Enso is already one of the largest consumers of recovered fibre in Europe – and when the new newsprint machine at Langerbrugge is taken in to operation during spring 2003, our position will further improve. Langerbrugge Mill's location in Belgium is optimal, considering the close proximity of markets and a plentiful supply of recovered paper.

Reporting locally, regionally and globally

Another important aspect of our environmental work is transparency and accountability. The many environmental reports published each year by individual mills, divisions and units complement the reporting done at Group level.

The social aspects of sustainability are now for the first time included in the Group reports, and are presented in the Corporate Social Responsibility section of this year's Company Report. We have also improved the web version of the Environment and Resources report, allowing us to present updated background information flexibly.

Sustainable development is often said to be a journey rather than a des-

tinuation. I also subscribe to this viewpoint. For the fourth year in a row Stora Enso has been listed on the Dow Jones Sustainability Index, and we are now proud to be ranked as the leading forest products industry company on this index. The Group is also again listed on the FTSE4Good Index, and I see such endorsements as clear proof that we are heading in the right direction. ■



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