

Investing in bio-fuel capacity

In 2004 Stora Enso's environmental investments and costs amounted to a total of EUR 261 million, compared to EUR 254 million in 2003. Total environmental investments amounted to EUR 87 million, while environmental costs totalled EUR 174 million.

Spending on environmental costs includes capital expenditure as well as operating and maintenance costs, but excludes interest and depreciation. The main cost categories, which cover approximately 70% of the total costs, are taxes, fees, refunds and permit related costs EUR 51 million (compared to EUR 39 million in 2003), repair and maintenance EUR 39 million (EUR 41 million), and chemicals and materials EUR 33 million (EUR 31 million).

Significant investments

Skoghall Mill is currently building a new recovery boiler and a new evaporation plant, while another boiler is due to be converted from oil to bio-fuels in 2006. These projects will improve energy efficiency and reduce emissions of fossil carbon dioxide, sulphur dioxide, NO_x and COD in effluent. These investments amounted to EUR 56 million during 2004.

Varkaus Mill invested EUR 23 million during 2004 in the thermo-mechanical pulp (TMP) line and chip handling system in order to increase the capacity of the TMP plant. These measures are expected to significantly reduce the use of fossil fuels. The total investment will amount to EUR 37 million.

Kvarnsveden Mill has started up a new boiler to facilitate the increased use of bio-fuels and reduce emissions of SO₂ and NO_x. The related investment amounted to EUR 20 million during 2004.

In a joint venture, **Kabel Mill** and the local energy supplier have built a new bio-fuel power plant, which started operating in December 2004. The electricity produced will be used in the municipal grid and the steam will be used by the mill. Kabel Mill will supply the power plant with bio-fuels including sawdust and bark. The new power plant will save fossil carbon dioxide emissions amounting to 160 000 tonnes compared to a power plant of similar size using fossil fuels.

Environmental liabilities

Estimates indicate that a total of EUR 45 million will be required to cover future corporate environmental liabilities. This includes remediation projects such as decommissioning activities at the Falun Mine, the clean up of mercury contamination at the former chloralkali plant in Skoghall and the final safe disposal of mercury at Skutskär harbour. In 2004, Stora Enso in Finland cleaned up contaminated soil areas in Rautjärvi and Kerava, and delivered contaminated soil from **Uimaharju Sawmill** to a hazardous waste landfill. The remediation work at the old Pateniemi Sawmill area will start when the project receives an environmental permit.

There are currently no active or pending legal claims concerning environmental issues which could have a material adverse effect on Stora Enso's financial position. •



See the list of units updating their permits at

www.storaenso.com/2004/sustainability.