

Working towards mutual recognition

of different forest certification systems

Stora Enso has divested its controlling interest in practically all the forests previously owned by the Group, and the share of certified wood in production is dependent on how much certified wood is available in different markets. Stora Enso is therefore continuing to promote forest certification wherever the Group operates.



Chain-of-custody certificates trace wood all the way from its origin in certified forests to its use in end-products.

Less than 5% of all forests around the world are covered by third-party-certified forest certification systems. In the areas where Stora Enso is operating, the share of certified forests varies from almost zero to over 95%. This means that Stora Enso's goal of maximising the share of wood originating from certified forests is a very challenging one. To reach this objective, Stora Enso actively promotes forest certification wherever

the Group operates, and advocates the mutual recognition of different certification systems. Stora Enso interprets mutual recognition as meaning the full reciprocal acceptance of different systems. In the foreseeable future mutual recognition is most likely to happen at a national or regional level.

During 2004 Stora Enso continued to take practical action in different areas to promote forest certification and mutual

recognition. Stora Enso widely offers group certification and training to suppliers, for instance, and also participates in national forest certification initiatives. In Europe, Stora Enso is promoting both FSC and PEFC. In North America several forest certification systems are already applied, and Stora Enso is working with the SFI® programme, CSA and FSC.

Active in all areas

The list below describes the current forest certification situation in various regions, and explains what Stora Enso's wood procurement units are doing in order to promote forest certification and mutual recognition.

- In **Sweden**, both PEFC and FSC are well established. Small-scale, private forest owners have generally opted for PEFC, while owners of large forest areas have mainly preferred to use FSC. Currently about a third of private forest owners have certified their forests. The total share of certified forests is about 56%. Stora Enso Wood Supply Sweden holds FSC and PEFC group certificates for private forest owners as well as a PEFC group certificate for contractors.
- In **Finland** more than 95% of the forest area is already covered by FFCS, which is endorsed by PEFC. In 2004, Stora Enso started to test FSC in Finland by giving forest owners the opportunity to join a pilot group certification project.
- In **Russia**, the share of certified forests is still small – only about 0.5% of the country's total forested area is currently certified to FSC. A national Russian forest certification system is expected to be set up under the umbrella of the PEFC system. Stora Enso offers training to its wood suppliers and uses a supplier ranking system in order to encourage suppliers to certify their forest lease areas. Interest in forest certification has consequently been increasing. Stora Enso has been granted FSC certification for a lease area in the Pskov Region in northwestern Russia. During 2005–2007 Wood Supply Russia aims to get other forest lease areas certified as well.
- In **Continental Europe**, Stora Enso's wood supply organisation operates in 17 countries, each with different amounts of certified forest and a variety of certification systems. In the major procurement areas the share of certified forests varies from 99% in Austria to 21% in France. By implementing chain-of-custody systems the Group signals to the wood supply market that it wants to purchase certified wood. Stora Enso Wood Supply Continental Europe also encourages forest owners and suppliers to certify their forestland and to obtain chain-of-custody certificates.
- In the **Baltic countries**, state-owned forests in Estonia and Latvia have been certified according to FSC. All three Baltic countries have also established PEFC working groups, and the Latvian PEFC scheme has already been endorsed. In Estonia and Latvia, Stora Enso is a member of national FSC initiatives. The Group also participates in the PEFC system and standard development groups in Estonia and Lithuania.
- In **Portugal**, Celbi's plantations were reviewed for FSC certification, and are expected to be certified in the beginning of 2005. Celbi has also provided a pilot area to test the Portuguese PEFC standard, which should then be endorsed by the PEFC. When the endorsement process is completed, Celbi will be able to apply for the PEFC certificate.
- In **North America**, several forest certification systems are applied. In Canada, Stora Enso's Port Hawkesbury's managed forestlands and wood supply operations are dual certified according to the SFI and CSA systems. In the USA, Stora Enso Wood Supply U.S. is involved in the American Tree Farm System. The land holdings of Wood Supply U.S. are covered by certification under SFI and are also in the process of obtaining certification under FSC.
- In **Brazil**, the process of obtaining forest certification for Veracel's plantations (jointly owned by Stora Enso and Aracruz) has started. In the first phase the system to be implemented is CERFLOR, a member of PEFC. As experience is accumulated, preparedness for FSC will be assessed.

Stora Enso is actively involved in international forums promoting the mutual recognition of forest certification systems – through the World Business Council for Sustainable Development, as co-chair of the Mutual Recognition Action Team; and through discussions within The Forest Dialogue, where Stora Enso has a representative on the steering committee.

Several forest certification systems applied in North America

In Canada, Port Hawkesbury's managed forestlands and wood supply operations hold dual certifications with SFI and CSA. **Port Hawkesbury Mill** actively participates in discussions and provides input to local (Maritime) and national (e.g. Boreal) FSC standard development processes. A new focus will involve promoting the Pan Canadian Woodlot Certification System and/or FSC group certification options among private non-industrial forest owners in Nova Scotia.

In December 2004, Stora Enso's American Tree Farm System (ATFS) Group Organization was certified to the American Forest Foundation Standard. This programme will allow private forest owners who supply wood to Stora Enso to enrol in the programme, and thus be included under ATFS group certification. This group certification approach is one possible solution to the challenging issue of providing a credible forest certification system for private forest owners.

The land holdings of Wood Supply U.S. are covered by certification under SFI. The holdings, which cover approximately 2 200 hectares, have also been recommended for certification under FSC.

Wood Supply U.S. has also been very active in promoting the certification of public lands. Wisconsin State Forest lands were dual certified to the SFI and FSC programmes in 2004. The State Forests in Minnesota and Michigan have also announced plans to have the same dual certification by the end of 2005. Certification plans have been announced for 1.5 million hectares of County Forests land according to the SFI system, the FSC, or both programmes, by the end of 2005.

Forestry benefits from strong law enforcement

Stora Enso does not accept wood that is harvested in violation of national or regional laws. Traceability systems are the most important tools to combat illegal logging.

There is no commonly agreed definition of illegal logging, and this can confuse discussions and estimates concerning the amounts of illegally harvested wood. Stora Enso participates in various processes that aim to clarify related concepts and support law enforcement in areas such as taxation, working conditions and transportation. It is important that international and local communities also work to combat illegal logging.

One such international scheme is the EU's initiative on Forest Law Enforcement, Governance and Trade (FLEGT), which stresses the need to document the origin of fibre. Stora Enso supports the verification of the origin of wood. Traceability systems verified by ISO or EMAS are seen by Stora Enso as adequate for



Forest certification systems are designed to promote sustainability in commercially managed forests.

these purposes, meaning that in such cases an additional licensing system is not necessary.

In 2004 Stora Enso detected three cases of non-compliance in forestry practices. For more information, see page 15.

Key figures

- Stora Enso used a total of 46 million m³ (solid under bark) of wood in 2004. Most of the wood procured from Europe and North America came from small private forest holdings and larger state-owned holdings.
- In 2004, Stora Enso finalised the ownership restructuring of forestlands in Sweden and Canada. In Sweden, 1.9 million hectares of forest was transferred to Bergvik Skog AB, a new company established by Stora Enso and Korsnäs AB. In Ontario, Canada, the Group has divested its 146 000 hectares of forestland. Forest holdings in Finland and the United States were divested in 2002.
- In October 2004, Stora Enso divested its majority shareholding in PT Finnantara Intiga, which owns the Finnantara plantation in West Kalimantan, Indonesia. The total area of plantation planted for commercial use at Finnantara is about 35 000 hectares. Following the divestment of Finnantara, Stora Enso still owns plantations in Brazil, Portugal, China and Thailand.

Wood procurement organisation

Wood Supply Europe is divided into five business areas: Wood Supply Baltic, Wood Supply Continental Europe, Wood Supply Finland, Wood Supply Russia and Wood Supply Sweden. These business areas are each responsible for local wood procurement and supply. Wood Supply Europe is also responsible for co-ordinating environmental issues related to wood procurement at the corporate level.

Wood Supply U.S. is responsible for wood procurement for the Group's US operations.

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.

Stora Enso's plantation ventures are managed under different divisions. Celbi belongs to the Fine Paper division, which is part of Stora Enso's Paper product area. Veracel is part of the Latin America division; while Guangxi Stora Enso Forestry and Thai Stora Enso Agroforestry are both within the Asia Pacific division. The Latin America and Asia Pacific divisions have been established in new growth areas.

Stora Enso's plantations have been established on degraded lands. Plantations are carefully planned to ensure that intensive wood production can be combined with local livelihoods and the conservation of native ecosystems.

48% of the wood used by Stora Enso came from certified forests

This percentage is an aggregate figure covering various business areas including roundwood, chips and sawdust. The business-area-specific figures have been determined according to the relevant forest certification systems' chain-of-custody standards where such systems are applied, or are otherwise based on the documentation of wood origin in line with Stora Enso's traceability guidelines.

Wood traced right back to its origin

A variety of tools can be used to ensure that harvesting sites meet Stora Enso's demands. These tools include forest certification systems, such as forest management certification and chain-of-custody certification systems, as well as company-specific traceability systems.

Stora Enso monitors the origin of nearly all wood sources – the Group's traceability systems currently cover 98% of all the fibre used within the Group¹⁾ including wood from both certified and uncertified sources.

¹⁾ This figure is not comparable with figures published in earlier years, because the 2004 figure covers roundwood, chips, sawdust and pulp, while previous years' figures were limited to roundwood.



Read more at:
www.storaenso.com/2004/sustainability