

March 2005

Principles for Sustainable Wood and Fibre Procurement and Land Management

a. Background

These principles have been developed in line with leading multilateral environmental agreements, such as the Convention on Biological Diversity, and international processes to develop standards for sustainable forest management. These principles are anchored to the Stora Enso's Mission, Vision and Values and comply with Stora Enso's:

- Environmental and Social Responsibility Policy
- Principles of Corporate Social Responsibility
- Position on Forest Certification
- Position on Legality of Wood
- GMO principle

b. Application

From April 2005 Stora Enso will apply these principles in all its wood and fibre procurement operations including:

- Wood purchases and exchanges including imports and exports
- Company owned or managed forests
- Company owned or managed tree plantations
- External pulp purchases and exchanges

The principles set out a framework for implementing, monitoring and improving environmental and social responsibility in wood and fibre procurement and forest management. We actively develop monitoring, reporting and third-party verification of performance related to these principles wherever this is relevant.

In emerging markets Stora Enso will establish realistic timelines to meet the performance level indicated in these principles.

c. General principles for wood procurement

We meet the requirements of all applicable policy, legal and regulatory obligations in the host jurisdiction.

We implement environmental management systems, occupational health and safety systems, and technologies that enable us to recognize and assess the impacts of our operations and continuously improve our sustainability performance.

We support sustainable forest management and promote forest certification on all land used to supply us with wood and fibre so as to protect, verify and communicate a wide range of economic, social and environmental values.

We utilize traceability systems as the means to enable us to ensure all wood and fibre originate from legal sources and strive for third party verification of these systems through ISO, EMAS or Chain of Custody.

We refrain from any commercial use of controversial genetic engineering techniques on trees or any other organisms.

We efficiently harvest, transport and process wood and fibre to minimize waste.

We maintain or enhance the long term health, well-being and diversity of employees through proactive workplace safety and personnel development programmes and, whenever possible, offer training opportunities.

We contribute to the improvement of economic conditions and create opportunities to participate in economic and social benefits in communities where we operate.

We recognize the unique economic and cultural needs of indigenous people and promote wood and fibre procurement and forest management practices that respect their traditional uses of forests.

We implement an active dialogue with all stakeholders locally, nationally and internationally, and regularly issue public sustainability reports. We

provide opportunities for stakeholders and the public to receive information in a transparent manner.

We do not purchase wood and fibre from protected areas or areas in the official process of designation for protection, old growth forests and high conservation value forests defined in national stakeholder processes unless the purchases are clearly in line with the national conservation regulations.

We promote the sustainability of our wood and fibre sources by ethical purchasing practices and providing training and long term partnership to our suppliers and forest owners.

d. Principles for land and ecosystem management

On areas managed by Stora Enso:

We practice sustainable forest and land management that conserves biodiversity, soil and water resources, and safeguards the health and ecological functions of ecosystems.

We work under long-term planning horizons based on ecological landscape planning methods to provide a sustainable wood and fibre supply while ensuring conservation and restoration of vital ecological features and ecosystem services. We manage the landscape-level spatial and temporal variability of ecosystems, including diversity, mature forest habitats, old growth forests, natural forest community types and wildlife habitat diversity.

We have systems in place to recognize and ensure that high conservation value forests are protected and co-operate with environmental NGOs and other stakeholders in improving the science base to identify and safeguard such forests.

We utilize the forest management methods most appropriate to each ecodistrict and site, including natural disturbance regimes such as regeneration cutting, controlled fires and selective harvesting.

We, through appropriate silvicultural practices and ensuring forest regeneration, maintain or increase sustainable harvest levels and forest product quality and quantity. We use intensive forestry practices such as

exotic tree species and fertilizer only after careful planning to ensure that biodiversity is not harmed at the landscape level.

We strive for continuous improvement by monitoring forest condition, forest product yields and the results of management activities and research.

We respect traditional and multiple uses of forests such as fishing, hunting, picking wild berries and mushrooms, and preserve each area's natural, historical and cultural heritage.

We strive to minimize risks to forests from damaging agents such as wild fire, insects and disease. We do not use persistent biocides, and strive to minimize the use of other biocides.

We provide opportunities for stakeholders and the public to provide input to forest management planning and practices in a transparent and constructive manner.

e. Principles for tree plantations

Stora Enso's tree plantations are intensively managed, primarily for specific commercial purposes. In our view, sustainably managed plantations are economically profitable, enhance local welfare and have an important role in the conservation of native ecosystems.

We recognize the increasingly significant role of tree plantations in global industrial wood production and actively promote sustainable plantation development.

We apply a holistic approach in establishment, development and management of tree plantations.

We design and manage plantations in a landscape context by recognizing them as part of local land use.

We do not convert natural forests, protected areas or areas in the official process of designation for protection into plantations unless that is clearly in line with the conservation regulations.

We recognize indigenous peoples' legitimate rights to traditional land and land use.

We use environmental and social impact assessments and other participatory tools in seeking sound land-use decisions.

We consider an open dialogue with all stakeholders as fundamental.

f. External pulp purchases and exchanges

We require our external pulp suppliers to follow similar principles in their wood procurement and to have timelines in place for attaining the performance level required, and audit this through questionnaires and certification documentation.

g. Definitions

Biological diversity The variability among living organisms and ecological complexes, including diversity within species, between species, and in ecosystems.

Chain of Custody, (CoC) A certified system, today linked to forest certification, to verify the origin of wood between two defined points in order to verify the acceptability of the source. If applied to mill and product, it can be linked with forest certification labelling, according to rules decided by each system, e.g. PEFC (Programme for the Endorsement of Forest Certification Schemes), FSC (Forest Stewardship Council).

Ecological landscape planning A methodology for management planning of large land areas based on describing ecological features such as hydrology, soils, patches and connectivity, and energy pathways;,, identifying natural disturbance patterns; and using this information as the basis to develop plans to meet environmental, social and economic objectives for the land base.

Ecosystem A community of all plants and animals and their physical environment functioning together as an interdependent unit.

Endangered species Any species that is in danger of extinction throughout all or a significant portion of its range.

Forest management certification A third-party verification of forest management practices against a predetermined standard.

Genetically modified organism An organism in which the genetic material has been altered in a way that does not occur naturally by mating and/or natural recombination (also known as transgenic organism).

High Conservation Value Forests (HCVFs) are forests of outstanding and critical importance due to their high environmental, cultural, biodiversity or landscape values. HCVFs comprise the crucial forest areas and values that need to be maintained or enhanced in a landscape.

Indigenous peoples "The existing descendants of the peoples who inhabited the present territory of a country wholly or partially at the time when persons of a different culture or ethnic origin arrived there from other parts of the world" (based on UN Working Group on Indigenous Peoples).

Old Growth Forest Forest of exceptionally high conservation value due to its combination of very old trees, very large trees, forest structure, large woody debris and species composition relative to the specific ecosystem (ecosite and ecodistrict) in which it is found. Old growth is an ecosite-specific condition and must be identified using locally valid biological criteria.

Sustainability Sustainability, also referred to as corporate responsibility, involves balancing economic, environmental and social issues in business operations.

Traceability Traceability is a system to verify the origin of wood, tracking it from forest to the first reception point. Traceability systems can be third-party verified, e.g. by CoC, ISO 9002, ISO 14001 or EMAS.