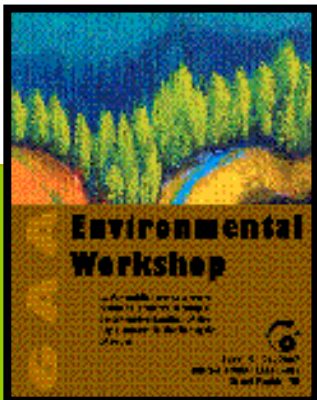


# "Chain of Custody"

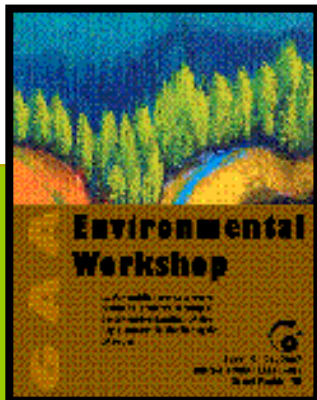
## Label and Claims



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# What Chain of Custody Means for UPM-Blandin, our Customers and Stakeholders

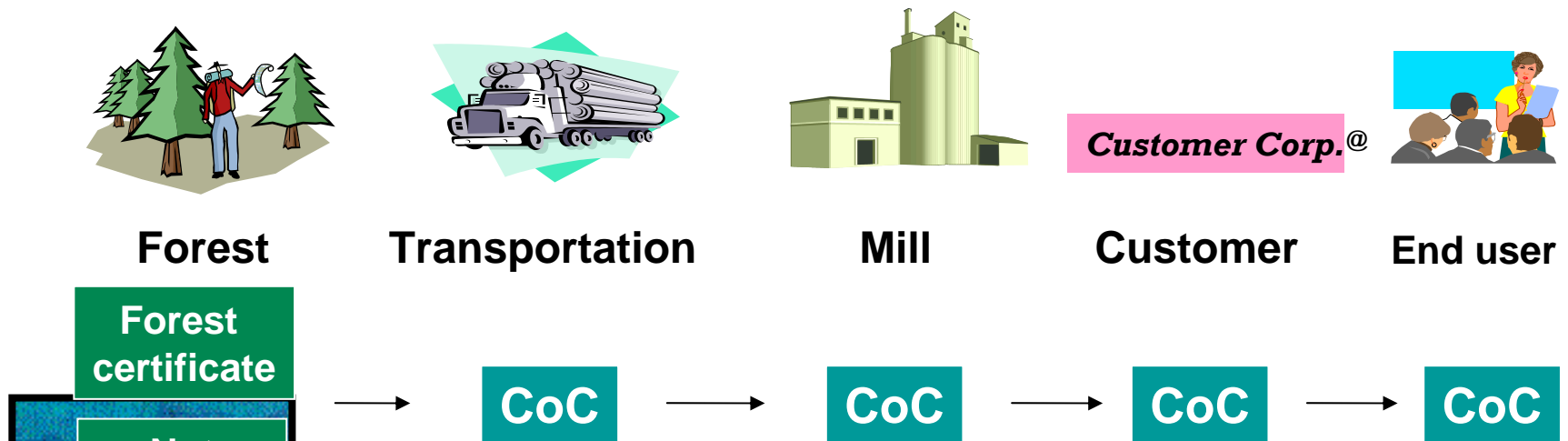
- Verifies that the wood is
  - from sustainable forests
  - legally logged
  - not from protected forest areas
- Allows UPM to verify and report the total amount of certified fiber to our customers in a credible way
- Allows our customers to use product labels



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# Knowing the Origin of Wood with Certified Chain of Custody

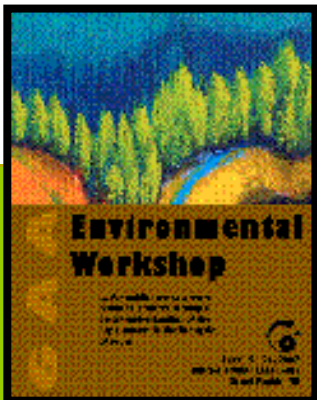
- The C-o-C certifies the tracing process – not the products
- Each party in the chain needs to certify their own C-o-C



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# Forest Certification vs. Chain-of-Custody

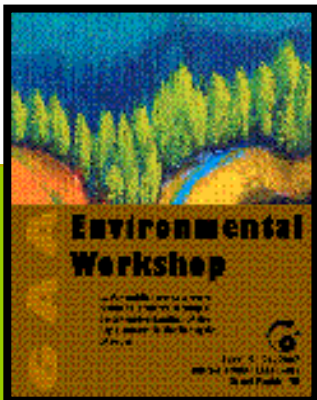
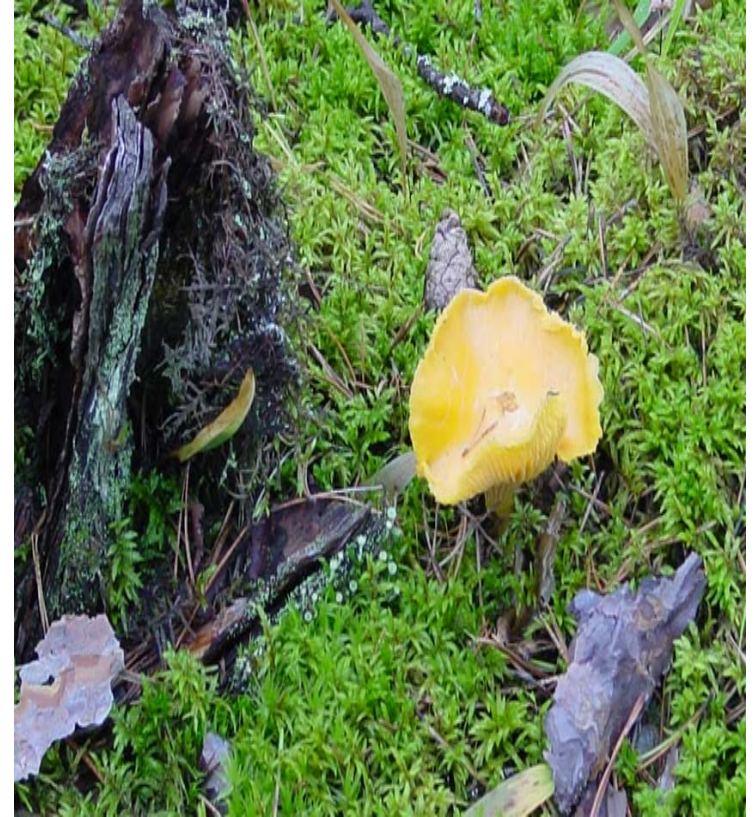
- **Forest Certification and Chain-of-Custody are two completely different things**
- **Forest Certification is how we manage forest land in an environmentally responsible way**
- **Chain-of-Custody is how we track fiber from forest land all the way to our rolls of paper**
- **Both can get 3rd party audited and we can become certified for them (all our mills are)**



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# Forest Certification includes...

- Environmental, social and economical criteria
- = **SUSTAINABILITY !**
- Timber production is important
- ...while respecting environmental and social values
  - Buffer zones, Wetlands
  - Rare and endangered species
  - Water crossings
- In the end we aim to achieve a balance



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# Who are the North American Players?

- **PEFC**

- Program for the endorsement of forest certification schemes

- **CSA**

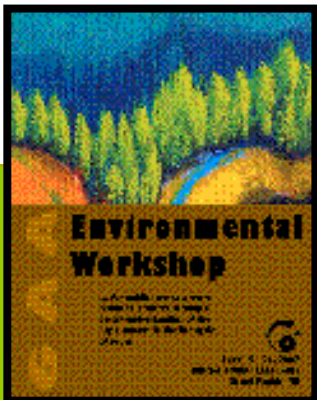
- Canadian Standards Association

- **SFI**

- Sustainable Forestry Initiative

- **FSC**

- Forest Stewardship Council

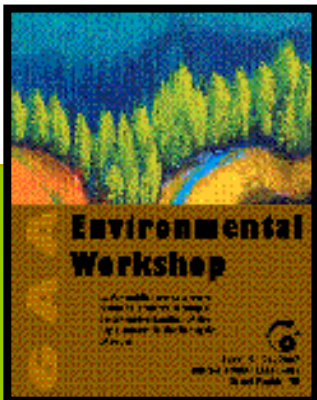


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# PEFC

Program for the Endorsement of Forest Certification schemes

- **Global organization recognizing multiple certification schemes that provide for environmental, social and economic sustainability of forests. Supported by 149 governments covering 85% of the world's forests**
- **470 Million acres covered worldwide.**
- **Board Chairman from M-Real Corporation, board members represent industry, environment and labor**

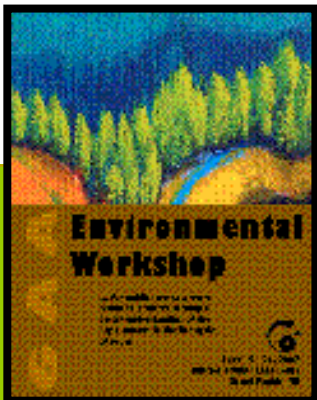


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# CSA

Canadian Standards Association

- **Canadian organization (PEFC endorsed) to maintain and enhance the long term health of forest ecosystems**
- **181 Million acres covered in Canada**
- **Board Chairman from AlCan, board members are from industry, government and academia**



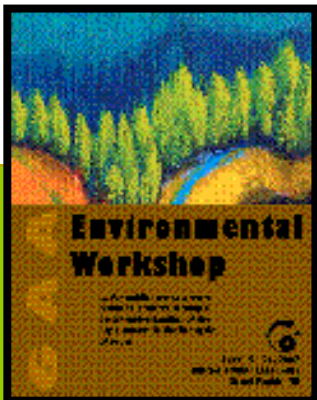
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# SFI

## Sustainable Forestry initiative

- **North American organization (PEFC endorsed) to improve and support sustainable forestry**
- **127 Million acres covered in NA**
- **Board Chair from Mead Westvaco, five members are CEO's of non-profit environmental groups, five are forest product CEO's, and five represent stakeholders from the broader forest community**

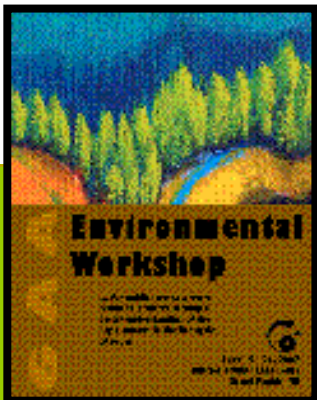


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# FSC

Forest Stewardship Council

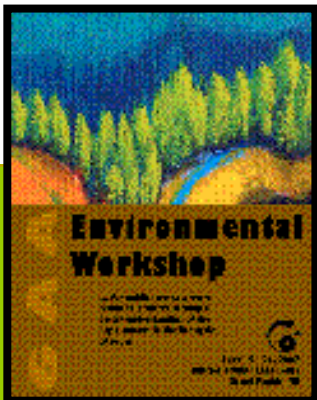
- **Global organization, which also supports national and regional standards to supplement its "Principles and Criteria for Forest Stewardship"**
- **227 Million acres covered worldwide**
- **Board Chair from Greenpeace, board members represent industry, environmental, social and labor groups**



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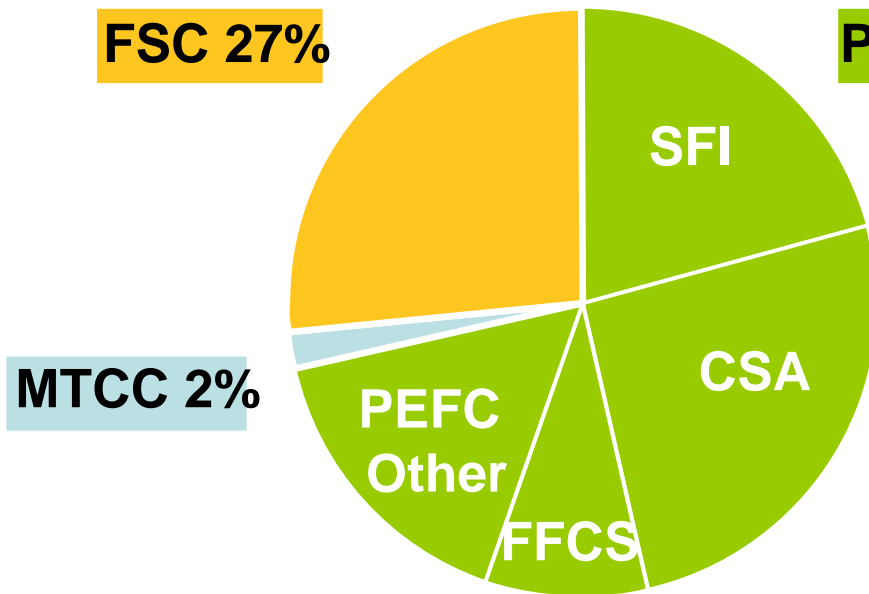
# UPM-Blandin Certifications

- **SFI "Forestry lands" (1999)**
- **ISO 9001 (1999)** Quality Management Standard
- **ISO 14001 (1999)** Environmental Management Specification
- **OHSAS 18001 (2002)** Health and Safety Management
- **PEFC Chain of Custody (2006)**
- **FSC Chain of Custody (2007)**

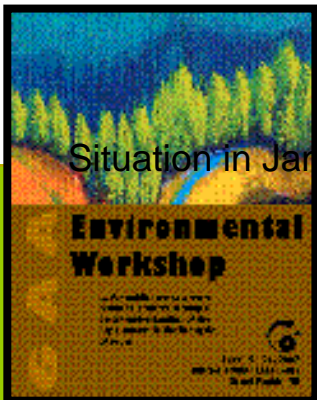


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# Certified Forests Globally by Scheme



- SFI: Sustainable Forest Initiative (NA)
- CSA: Canada's National Standard for Sustainable Forest Management
- FFCS: Finnish Forest Certification System
- MTCC: Malaysian Timber Certification Council
- FSC Sweden, FSC Maritime etc: (accepted by FSC)
- **National schemes:**
- UKWAS: UK Woodland Assurance Standard (accepted by PEFC and FSC)



Situation in January 2006

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# Forest Certification and Chain-of-Custody Schemes

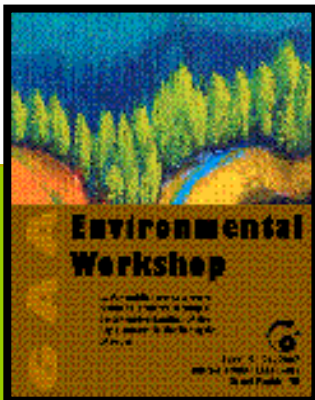
There are two international forest certification and C-o-C schemes



Programme for the Endorsement of  
Forest Certification Schemes (PEFC)



Forest Stewardship Council (FSC)

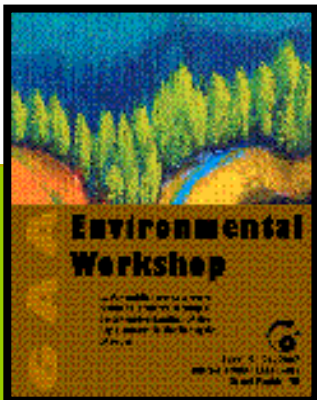


Most national certification schemes have been accepted under  
the umbrella of one of these two international schemes  
UPM-Blandin is certified under both programs

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# UPM-Blandin continued

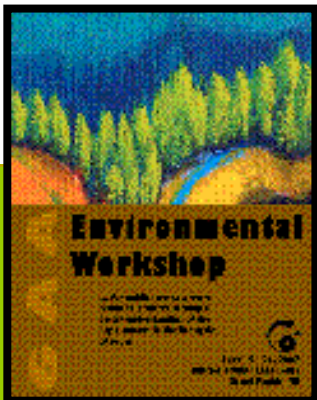
- Certification for PEFC CoC occurred first because of a directive from corporate for all UPM mills
- Certification for FSC occurred due to customer inquiries and customer requirements
- Having an existing ISO system in place greatly reduced the costs and time involved with becoming CoC certified
- CoC requirements are very similar in terms of tracing, documentation and training requirements



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# UPM-Blandin continued

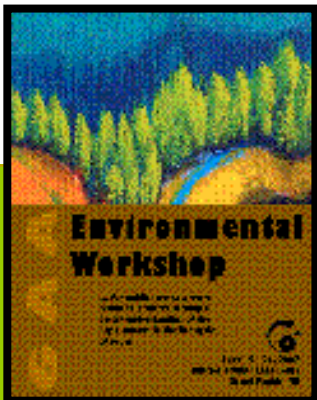
- CoC required development of 11 ISO documents
- Purchasing, Forestry, Accounting, Operations and HR (Training) all have a significant role to play
- The sales arm of the corporation also needs to be certified under the CoC if you wish to sell products and continue the chain to your customers
- Cost was under \$20,000 for each certification, man-hours was 200-250 for the first certification and less than 80 for the second



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# UPM-Blandin Continued

- To be successful in developing/implementing a CoC
  - Put someone on it with a big enough stick
  - Determine who your auditor will be and work with them up front to ensure you have the correct scope
  - Include all areas affected in initial planning
  - If you are ISO certified, CoC certification can be done at one site in 70-100 days
  - Plan for 100-200 hours of additional work annually and budget for the additional audits and fees
  - An excellent reference of all the Forest Certification and Chain of Custody schemes can be found at [www.certification.org](http://www.certification.org)

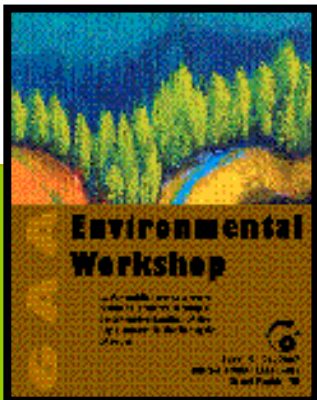


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# Labels and Claims

- **UPM-Blandin has chosen not to label**
  - We do not produce a consumer product
  - The additional costs provide us with no value
  - Our brand book is 80+ pages; adding another brand is costly and difficult to achieve
  - Labeling is the **No. 1** question of printers and customers; you must develop an internal expert in this area
- **UPM-Blandin uses the volume credit system**
  - We have a narrow product range
  - It is difficult to control raw material inflows to match threshold levels for on-going claims at this time



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