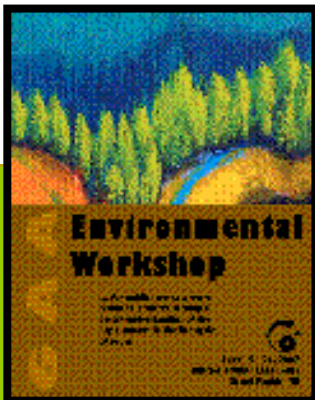


Traceability of fiber

Gordy Mouw

Environmental Manager

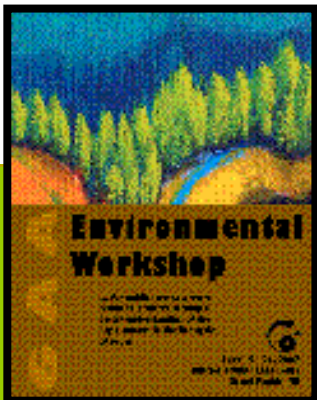
Stora Enso, Wood Supply U.S.



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What is wood traceability?

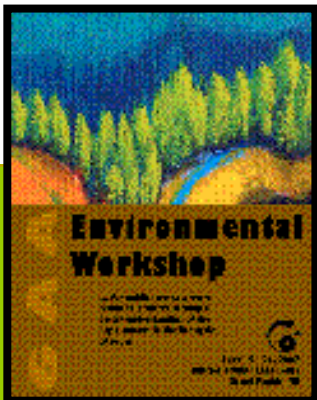
- Traceability is an internal system to document the origin of wood.
- It is a vital tool to help ensure that all wood fiber sources are legal and acceptable.



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Stora Enso's guidelines for traceability

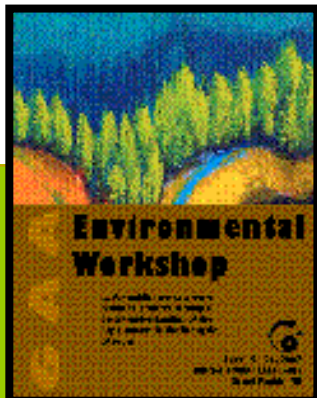
- Global coverage
- Includes purchased pulp



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Stora Enso's traceability targets

- All fiber* and purchased pulp used by Stora Enso to be fully traceable and documented to ensure it comes from legal and acceptable sources.
- All suppliers (subsidiary companies, companies partly owned by Stora Enso, independent suppliers) are included.
- Traceability systems to have third-party certification through chain-of-custody, controlled wood, ISO and/or EMAS.
- Traceability to cover origin of wood data all the way from the harvesting area until the wood first enters Stora Enso's possession.



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*) roundwood, chips, sawdus, and pulp

Steps in the traceability system

Traceability involves four main operational steps:

Contract clauses

A

Wood / pulp origin data registration and storage

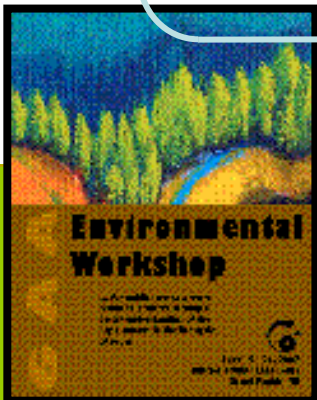
B

Stora Enso auditing

C

D

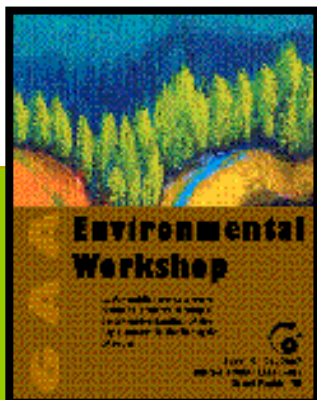
External audits



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What kind of clauses should be included in the contracts?

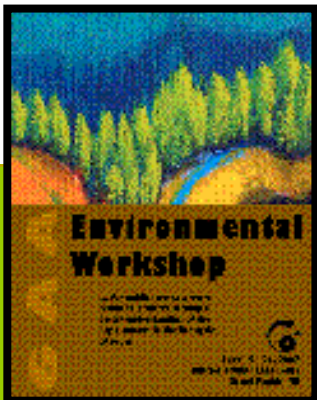
- Contracts ensure supplier's commitment to Stora Enso policies and practices.
- Environment and wood origin clauses to be included in wood purchasing contracts.
- For non-certified suppliers, contracts must always address traceability and define requirements for wood origin data and audits.
- Unit - and supplier-specific issues can be included.



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Examples of contract conditions

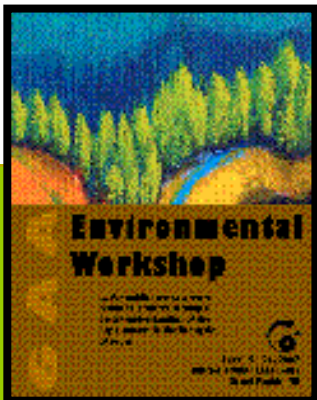
- Wood must be procured and logged in accordance with national legislation and regulations.
- Wood must be procured in accordance with Stora Enso principles.
- Stora Enso has the right to audit suppliers.
- If purchasing contract conditions are not met, Stora Enso has the right to reject deliveries without further notice.



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Collecting and registering wood origin data

- Wood origin data consists of geographical data as well as environmental and social criteria.
- Stora Enso will keep wood origin data for a minimum of 12 months, or up to 5 years, or require the supplier/third party to keep the data.
- Wood origin data is determined according to local practices:
 - e.g., logging license no, cadastral no, number of state forest unit & location, etc.



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Verifying the traceability system

1. Internal audits

- to assess performance levels and legal compliance used for training and monitoring

2. Supplier audits

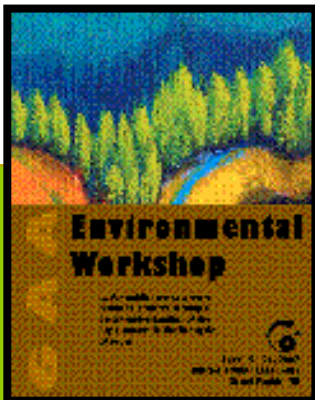
- to assess suppliers' working environment and risks

3. Field audits

- to verify the data on wood origin
- to verify forestry practices, compliance with legislation, biodiversity aspects and social responsibility aspects

4. External audits

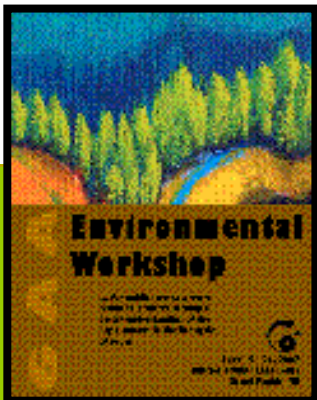
- third-party certification according to ISO, EMAS, chain-of-custody and/or controlled wood



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Verifying the traceability system (2)

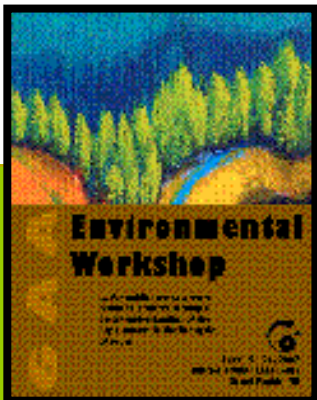
- The audit results are used for evaluation and improvement of the traceability systems.
- If a third-party certification is in place, traceability audits do not need to cover issues that are already covered by certification.



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Planning audits

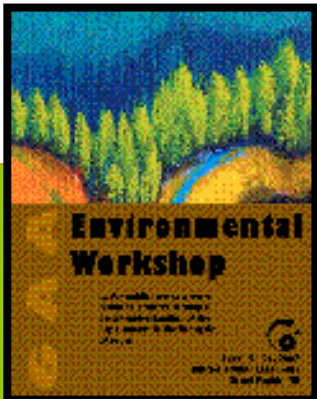
- Each unit is to assess and determine how many audits are needed to verify that the system works effectively.
- Minimum audit frequency shall be conducted according to controlled wood standards.



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Planning audits (2)

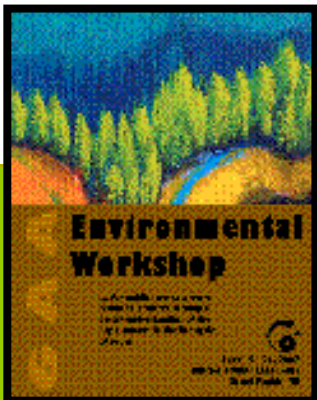
- Audits are focused on areas and suppliers with high risk, such as:
 - new suppliers
 - uncertified suppliers with high volumes
 - suppliers who failed in implementing Stora Enso policies and principles
- Supplier audits should assess:
 - the type of wood origin data that the supplier records
 - the reliability of supplier's data and system
 - the required period of time for keeping data
 - other requirements as defined by business units



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How to report and communicate wood traceability?

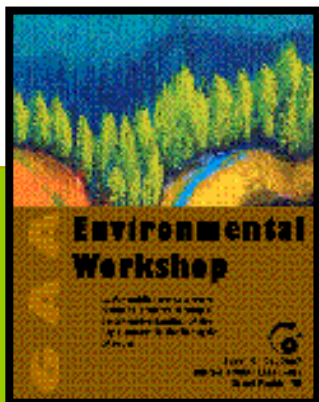
- Each unit is to define their own reporting needs when establishing traceability systems.
- The reporting of traceability should illustrate the unit's
 - traceability coverage
 - third-party verifications
 - traceability audit results
 - corrective actions
 - the amount of suspended suppliers
- Units are responsible for maintaining their information systems and reporting.



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How to report and communicate wood traceability? (2)

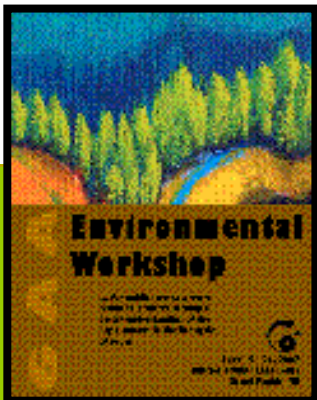
- Wood Supply communicates its traceability targets and results using the Corporate Sustainability Report, Wood Supply's Environmental Statement and other relevant tools.
- Units are responsible for communication of traceability to their suppliers, own personnel and, on a request basis, customers.
- Wood Supply and Corporate Communication are responsible for communication material for external stakeholders.



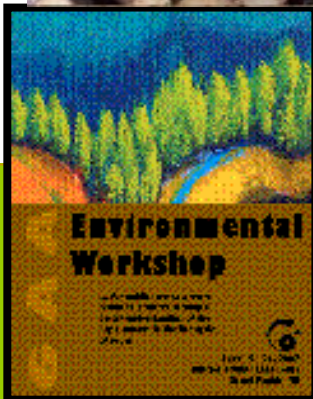
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