

## Stora Enso and EU Timber Regulation

Stora Enso already today fulfills the obligations of the European Union Timber Regulation (No 995/2010) which prohibits the placing and trading of illegally harvested timber and timber products on the EU market.

- The Regulation concerns rough wood, fuel wood, sawn products, pulp, paper and board products; not included are printed books and products made from recycled material.
- Penalties will be defined by the member states.
- The Regulation entered into force in December 2010. It will be applied starting 3 March 2013.

### Background information

- By the strengthened Regulation, the European Union combats illegal logging and related trade, which are matters of ever greater concern.
- The Regulation is an outcome of the Forest Law Enforcement, Governance and Trade (FLEGT) process in the European Union.
- The FLEGT process also includes negotiations of Voluntary Partnership Agreements (VPAs) against illegal logging with non-EU countries. The Timber Regulation complements these agreements.
- The Regulation brings obligations to operators who first place timber or timber product on the market, as well as to the traders of the product.
- An operator, who places timber or timber products in the EU market for the first time, is responsible for conducting a risk assessment and obtaining information on tree species and country of origin of the wood. In other than negligible risk cases operator also has to obtain information on the region of origin and concession for harvest.
- The traders, who trade timber and timber products already placed in the EU market, only need to know from whom they are buying and to whom they are selling the materials.

### How does Stora Enso comply with the regulation?

The statements below refer to the already known requirements of the Regulation.

***Stora Enso already today fulfills the obligations of operators to place timber or timber products for the first time on the market - as well as the obligations of traders to buy or sell products already placed on the market.***

#### Due Diligence – access to information in Stora Enso

The required information, such as description of the product, the country of harvest, the quantity of the product or the name and address of supplier or buyer of timber and timber products, is included in our written purchase and sales agreements.

Usually a single document indicating compliance with applicable legislation does not exist. Therefore, dependent on the country and risk assessment, documents are requested in the purchase agreement and checked as part of the traceability system. Stora Enso considers FSC and PEFC Chain-of-Custody certified timber and timber products as legally placed on the market.



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## Due Diligence – risk assessment in Stora Enso

The risk assessment criteria in the Regulation are also already included in the risk assessment systems of Stora Enso's Wood Supply entities, developed in order to achieve PEFC and/or FSC Chain-of-Custody certification.

We will follow the implementation of the Regulation and will adjust our systems accordingly.

## Due Diligence – risk mitigation in Stora Enso

The Regulation requires risk mitigation procedures for all areas where the risk for illegal harvesting cannot be regarded as negligible. These procedures may include additional information or documents and/or third party verification. Stora Enso follows already now this procedure as part of the PEFC and/or FSC Chain-of-Custody, FSC Controlled Wood certification and our own traceability systems. Stora Enso already today also demands additional information from individual suppliers and performs on-site audits (internal and external) on a sampling base as requested by the certification standards.

## Glossary

**Operator** is any natural or legal person that places timber or timber products on the EU market for the first time.

**Trader** is any natural or legal person who, in the course of a commercial activity, sells or buys timber or timber products already placed on the EU market.

**Due diligence system** consist of three elements: (i) access to relevant information, (ii) risk assessment and (iii) mitigation

**Competent authorities** are nominated from each EU Member State. They are responsible for the application of the Regulation.

**Illegally harvested** means harvested in contravention of the applicable legislation in the country of harvest.

## Questions & Answers

### Who are concerned by the EU Regulation?

All operators and traders placing and trading timber and timber products on the internal market of the EU.

### When will the Regulation be in force?

The Regulation entered into force on 3 December 2010. The Regulation will be applied as from 3 March 2013.

### Which products does the regulation concern?

For Stora Enso the most important products within the Regulation are pulp and paper, paperboard, fuel wood, wood chips, sawdust, and pellets, round wood, sawn goods, builder's joinery and carpentry of wood.



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## **Which products does the Regulation exclude?**

Excluded are printed books, newspapers, pictures, and products from recycled material.

## **What is the role of forest certification?**

To our understanding voluntary chain of custody systems which fulfill the requirements of the Regulation may be used as a basis for the due diligence system.

## **What are the penalties?**

EU Member States are responsible to define the penalties. They must be effective, proportionate and dissuasive and may include fines, seizure of products and immediate suspension of authorization to trade.

## **Contact information**

Antti Marjokorpi, SVP, Group Forest Operations, tel. +358 2046 24972

