



16 September 2005

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Delivered also via email

Dear Mr. Karjula,

The Saami Council would like to extend our gratitude for your letter of 6 September, 2005, in which you outline Stora Enso's position with regard to the logging activities in Finnish Upper Lapland. We very much appreciate your frank and open response to our concerns and questions. We are confident that through such direct communication, we can reach a mutual understanding with regard to the situation at hand. Before going into the material issues, we have a question of a more formal character. As you are aware, the FTSE's 4 Good Index requires that issues relating to social responsibility and human rights are handled by the Board of the Stora Enso Group. We would therefore be most grateful if you could kindly explain to us your position within the Stora Enso Group.

With regard to the responses in your letter of 6 September, 2005, we have the following comments and observations.

Ownership to land

It is correct that the Saami people's ownership right to traditional land on the Finnish side of *Sápmi* is currently subject to official investigation. The Saami parliament in Finland and other Saami institutions, including the Saami Council, have expressed profound concern with regard to in what manner Finland conducts these investigations. Regardless, the fact remains that the Finnish state is conducting research in an attempt to settle the ownership issues e.g. in the Inari area. Consequently, Finland's official position at this point is that it is unknown who owns the forests in which the logging activities in dispute are conducted (see e.g. B9/1999 rd, *Justiekanslerns i statsrådet berättelse om justiekanslerns ämbetsåtgärder och iakttagelser rörande lagarnas efterlevande, avgiven för år 1998, Helsingfors 1999*).

With all due respect, given that the Finnish state cannot tell who owns the land areas in question, the Saami Council finds it rather remarkable that Stora Enso takes on the role as judge, and reach an "opinion that the State is the legal owner of the land managed by Metsähallitus". It would probably benefit our future dialogue if you could be so kind and somewhat elaborate upon how you have managed to reach this conclusion, contrary to Finland's official position. In doing so, please note that there seems to be some kind of misunderstanding when you declare that no evidence has been presented that supports a Saami ownership right to the land areas in question. On the contrary, quite extensive evidence have been presented that demonstrate that the Saami people – also under Finnish domestic law – holds ownership right to at least parts of Lapland, and quite possibly also to the Inari area. (See e.g. Korpijaakko-Labba Kaisa: Valtionmaat Suomen kiinteistöjärjestelmässä -

erityisesti silmällä pitäen saamelaisten maa- ja metsäoikeuksia. Oikeustiede - Jurisprudentia 2003, p. 299-350.) Also a state investigator has demonstrated that Finland historically acknowledged that Saami individuals in Lapland individually or collectively had rights comparable to today's ownership right. (See, Wirilander Juhani: Lausunto oikeusministeriölle maanomistusoloista ja niiden kehityksestä saamelaisten kotiseutualueella, 8.8.2001) In comparison, no evidence has been presented suggesting that the Finnish state is the owner of the same land area.

We believe that Stora Enso's "position" that the state is the owner of the land managed by Metsähallitus in itself constitutes a serious violation of the Saami people's human rights. Stora Enso has unilaterally decided to completely disregard any right the Saami people might have to its traditional land. Surely, Stora Enso cannot have taken such a huge decision lightly. We thus presume that Stora Enso is able to substantiate its position. However, if not, the Saami Council expects that the London Stock Exchange and other bourses with social responsibility indexes will agree that taking such a unilateral position constitutes a violation of the e.g. the Saami people's right not to be subject to discrimination, codified e.g. in the Universal Declaration on Human Rights.

As a final observation, might we add that the Saami Council finds your comment that Stora Enso "do not have the mandate to discuss [land ownership questions]" somewhat odd, given that Stora Enso at the same time unilaterally decides that the Saami people has no such rights.

Cultural rights etc.

The rather lengthy discussion above is motivated by the weight Stora Enso appears to be placing on the ownership issue and by that the Saami Council believes it important to be crystal clear on what is the current status with regard to who owns the land areas in dispute. That said, one should be equally clear on that the ownership issue is of little relevance in this particular context. For most of the human rights we list in our 30 August 2005 letter, and that we suggest are violated by the logging that Stora Enso supports, it is irrelevant whether the state, the Saami people or someone else owns the land. These human rights predominantly protect the Saami people's culture and society irrespective of who owns the land areas where the reindeer herding is pursued. Thus, with all due respect, Stora Enso's arguments with regard to ownership are thus not only erroneous in fact, but also beside the point. Essentially, they do not address the concerns and problems that we have raised.

Finland as a democratic society

Generally speaking, the Saami Council of course does not object to that, "Finland is a democratic society with a well functioning judicial system". However, one should note that the Saami issues make an exception. The United Nations have on several occasions criticized Finland for not respecting the Saami people's rights, and in particular the Saami people's right to land.

In this context, allow us to clarify that the Human Rights Committee (HRC) decision you refer to (dated 17 March 2005) lacks relevance to the present situation. Firstly, as far as we are aware, Stora Enso does not purchase any timber from the area in dispute in the decision referred to. Secondly, and more important, the issue in the 17 March 2005 decision concerned the question whether the reduction of the maximum number of reindeer in the Muotkatunturi Herdsmen's Cooperative constituted sufficient evidence for a claim that the negative consequences of certain specific logging projects violated the complainant's human rights. The fact that the Committee found the evidence insufficient did not mean any change in the Committee's general position that:

- Whenever conducting logging or other activities in reindeer herding lands used by the Saami, Finland will be cautious of the risk that such interferences may endanger the right of the Saami to enjoy their own culture (the two Länsman cases against Finland),
- Finland should, in conjunction with the Saami people, swiftly take decisive action to arrive at an appropriate solution to the land dispute (Concluding Observations on Finland 2004), and

- Finland is requested to refrain from any action that might adversely prejudice settlement of the issue of Saami land rights (same)

As expressed in our 30 August 2005 letter, we assert that the above positions by the HRC indeed require that Finland halts all logging activities in the Saami areas, obviously including Metsähallitus logging activities in the Inari area.

The Finnish Forest Certification System (FFCS)

There seems to be a misunderstanding with regard to your description of the background of the FFCS. It is correct that the Saami parliament participated in the FFCS process. It has never, however, approved the FFCS, the reason being exactly that the FFCS fails to protect the Saami people's culture and traditional livelihoods. Had FFCS contained such provisions, the logging in the Inari area would violate the FFCS.

The Reindeer Herders' Association (RHA) is not a Saami organization. Whatever view the RHA might or might not have on the FFCS, or the logging in the Inari area, is thus without relevance.

The Saami Council would like to thank Stora Enso for your advice to bring up the issue of Forest Stewardship Council (FSC) certification with Metsähallitus and in particular for the offer to promote FCS certification among forest owners. We might initiate such a process in the future. At this point and in this context, however, we are discussing whether Stora Enso conforms with undertakings made when listing e.g. on the FTSE 4 Good Index.

Allow us here to make a general observation. It appears that Stora Enso wishes to place a lot of the burden of action on either the Finnish government and/or Metsähallitus. We can of course be wrong, but the Saami Council is not convinced that the FTSE 4 Good Index would hold that a failure by Finland and/or a state owned company to act to protect the Saami culture legitimizes Stora Enso to contribute to the violation of the Saami people's human rights.

“Over-population” of reindeer vs. over-logging of reindeer grazing

Stora Enso makes it too simple for itself when claiming that the area in question has an “over-population” of reindeer. The number of reindeer that can winter-graze a particular area depends on how rich the area is in lichen, growing on and under trees that are currently being logged in the Inari area and that Stora Enso purchases. Hence, rather than claiming that there is an “over-population” of reindeer, one can as well say that there is insufficient grazing. Consequently, similarly to the ownership issue, it appears that Stora Enso has taken a position based on politics, rather than on facts. Perhaps the position is based on your perception that “lichen-bearing areas important for reindeer herding are left untouched”. Here, however, Stora Enso must have been provided with erroneous information. Obviously, had lichen important for traditional Saami reindeer husbandry been left untouched, we would not be having this conversation. Indeed, in this particular case, it is more correct to say that there is insufficient grazing, rather than an “over-population” of reindeer. The number of reindeer in the Inari area has not increased over time. It is the grazing areas that have dramatically decreased. Today, only 10 % of the tree-hanging lichen (*skägglav*) remains compared to the situation 50 years ago. To make matters worse, following the logging of the forests in the Inari area, about half of the ground lichen (*renlav*) has gone. Both kinds of lichen are continuing to decrease due to the logging of old-forests. The more areas that are logged, the “bigger” the number of reindeer appears, compared to the grazing. So one could wonder if it is not a little bit bold of Stora Enso to defend its purchase of old forests by referring to an “over-population” of reindeer, given that, if so, it is Stora Enso itself that creates the claimed “over-population”, by actively supporting the same logging activities that result in the claimed “over-population” of reindeer.

The facts of decreasing pasture areas and a steady number of reindeer are of course documented and can be presented to Stora Enso or elsewhere. Perhaps, however, Stora Enso has other documentation that supports its conclusion that there is an “over-population” of reindeers, rather than an over-logging of old forests? If so, the Saami Council would of course be very grateful if you could provide us with these facts. Or maybe, as stated above, Stora Enso’s position was based on the misunderstanding that forests important to reindeer herding are left untouched? If this is the case, the Saami Council is sure that Stora Enso, who “recognizes the unique economic and cultural needs of indigenous people” will halt its purchase of timber from Upper Lappland until Stora Enso can guarantee that the timber does not originate from areas important to traditional Saami reindeer husbandry.

In this context, the Saami Council would again humbly repeat our suggestion that Stora Enso subscribes to FSC’s certification scheme. As stated above, the Finnish certification scheme FFSC does not protect the forests important to traditional Saami reindeer herding, that we understand that Stora Enso wants to respect. As stated in our letter of 30 August 2005, subscribing to the FSC’s certification scheme would also correct what appears to be a lack of consistency in your policy towards what social responsibility indexes to subscribe to.

Co-existence between reindeer herding and forestry

The Saami Council is of course aware of the forestry industry’s importance to Upper Lappland’s economy. We have no doubt that Stora Enso, by purchasing wood from the region, assists the area financially. So far there is no problem. The Saami Council further notes, and shares, your desire to achieve co-existence between traditional Saami reindeer herding and forestry. To this second aim, however, Stora Enso is not contributing at the moment. In fact, you are actively cooperating in a process that destructs traditional Saami reindeer husbandry. You express a need to balance the interest between forestry and reindeer husbandry. There is no balance at the moment. Old forests rich in lichen in the Inari area of fundamental importance to traditional Saami reindeer husbandry are being logged without any consideration being given to the reindeer herding’s needs.

The Saami Council has no doubt that Stora Enso genuinely wishes to conduct its business in a socially viable manner. We are sure that your listing on the FTSE 4 Good and other social responsibility indexes reflects a sincere company policy. Therefore, the Saami Council is convinced that Stora Enso will stop purchasing timber from areas of importance to a continued traditional Saami reindeer husbandry. Seemingly, Stora Enso purchasing timber from the Inari area has been a result of Stora Enso being provided with misinformation, claiming that forests important to traditional Saami reindeer husbandry are spared. The forest industry can continue to log in forests outside such areas, and Stora Enso can certainly continue to purchase such timber, in order to support the economy in Upper Lappland. This way, traditional Saami reindeer husbandry and forestry can coexist in a balanced manner, which achieves the end result that both Stora Enso and the Saami Council desire.

The Saami Council is thus confident that traditional Saami reindeer husbandry and forestry can coexist, in a sustainable manner. That said, however, it important to underscore that if this for some reason should not be possible, forestry has to give way. Traditional reindeer husbandry constitutes a fundamental building block in the Saami culture, which various UN bodies have confirmed and Finland also acknowledges. As a fundamental part of the Saami culture, international law is crystal clear on that traditional reindeer husbandry enjoys an absolute protection. Consequently, should a competing activity, in the present case forestry, result in Saami reindeer herders not at all, or only with great difficulty, being able to continuously pursue reindeer husbandry in a traditional manner, the logging is not allowed. International law is further clear on that that is so regardless of how important the forestry might be to the economy of Upper Lappland.

In conclusion, the Saami Council presumes that Stora Enso will halt its purchases of timber from the Inari area. We appreciate the frank and open dialogue we have had on this issue so far. We hope this sincere exchange of views will continue. In this spirit, please be informed that the Saami Council is preparing a report reviewing the human rights situation in Finland with regard to the Saami people. In the report will be reviewed to what extent – in our opinion – companies operating in the Saami areas conform with the requirements of the FTSE 4 Good Index and other relevant social responsibility indexes. The report will of course be sent to these index companies, and possibly also to pension funds etc. that invest in companies claiming to conduct their business in an ethical manner. We are further seeking to set up a meeting with representatives for the FTSE 4 Good Index, possibly in November, to discuss e.g. logging activities in the Saami areas. However, before discussing the matter with the FTSE 4 Good Index people, we would like to hear Stora Enso's response to our comments above.

Yours Sincerely,

Aleksander Kobelev
President
Saami Council

Marja-Riitta Lukkari
Secretary General
Saami Council

Copy to:

The Office of the President of the republic of Finland, President Tarja Halonen
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The Saami Parliament, President Pekka Aikio
Ministry of Justice, Permanent Secretary Kirsti Rissanen
Metsähallitus, Director General Jan Heino
Ministry of Foreign Affairs, Secretary of State Arto Mansala
Ministry of Agriculture and Forestry, Secretary General Jarmo Vaitinen
Ministry of Agriculture and Forestry, Secretary of State Pekka Pesonen
Minister of Culture, Tanja Karpela
Ministry of the Environment, Secretary General Sirkka Hautojärvi
Regional Council of Lapland, Executive Director Esko Lotvonen
Reindeer Herders' Association, Executive Manager Pertti Viik
Reindeer Herders' Association, Secretary Tarja Konstig
State Provincial Office of Lapland, Governor Hannele Pokka
Inari Municipality, Municipality Manager Reijo Timperi
Stora Enso, Secretary of CEO Minna Pokki
Finnish League for Human Rights, Secretary General Kristiina Kouros
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