

Press Release – 7 September 2009

**First license to use the PEFC trademark for forestry management in Portugal**  
**Portucel Soporcel Group obtains forestry certification from PEFC**

- **With PEFC forest certification the Portucel Soporcel Group achieves its goal of having its woodland assets also validated under this prestigious scheme.**
- **The Group's progress in forest certification adds weight to its presence in international markets**

The Portucel Soporcel Group has just obtained the certification of the woodland assets under its management under PEFC - *Programme for the Endorsement of Forest Certification Schemes*. This achievement comes on top of the certification granted in December 2007 by FSC – *Forest Stewardship Council* and represents another leap forwards in the Group's operations in this field, adding further weight to its presence in the international market, where manufacturers are subject to increasingly tough requirements as to the sourcing of their raw materials.

The PEFC was the first forest certification scheme to establish itself in Portugal, with the drafting of a Portuguese standard for certification of sustainable forest management systems according to the pan-European criteria (NP4406), in 2003, and with the founding of the Conselho da Fileira Florestal Portuguesa (CFFP) which represents the PEFC in Portugal. According to information on the CFFP/PEFC Portugal website, "PEFC offers a solution to global forestry issues, promoting and supporting efforts by countries facing greater problems in the leadership and organization of forest owners and with an underdeveloped legal framework to make progress on the certification of sustainable forest management. The PEFC currently has 32 member countries, of which 22 operate recognized schemes, representing in all approximately 186 thousand hectares of certified woodlands."

The certification recently obtained by the Group constitutes the first license to use the PEFC trademark for forest management in Portugal (code number PEFC13/23-001), and corresponds to an area of more than 118,000 hectares managed by the Portucel Soporcel Group in accordance with pan-European standards for sustainable forest management. The company's forest management system was assessed in an individual certification process by the certification body Sativa and was found to comply with the Portuguese standard NP4406:2005. The PEFC has accordingly certified not only eucalyptus timber for pulp and paper production, which are the Group's main activities, but also pine timber, cork and pine cones, also produced by the Group.

The Portucel Soporcel Group has developed its operations towards complete vertical integration, from forestry through to paper, all geared to satisfaction of the end

consumer. It has adopted a similarly integrated approach to certification, with a particularly strong commitment to certification of the woodlands under its management and certification of the chain of custody at its different stages, from timber yards through to its various industrial units.

This process is fully consistent with the priorities defined in the Group's policy for engagement with the community, and has made a significant contribution to generating wealth and employment by making optimum use of Portuguese products necessary for forestry and industrial operations. José Honório, the CEO of the Portucel Soporcel Group, has accordingly described forest certification as a "decisive step in the process of continuous improvement of forest management, with a view to optimising returns from woodland assets and at the same time continuing to honour the Group's environmental and social responsibilities".

This new achievement highlights the importance attached by the Group to the need to continue with efforts to encourage certification of privately owned woodlands in Portugal. This goal has been pursued through partnerships and cooperation agreements with a number of associations of forestry operators in the country.

Forest certification schemes can have a significant positive impact on raising standards for best practice in forest management – when woodlands are certified under recognized and credible certification schemes, the correct procedures are systematically guaranteed. An example of this is the importance given to the preservation of natural values, by integrating conservation of ecosystem services, and biodiversity in particular, in the forest management model. At the Portucel Soporcel Group, these values are systematically assessed and monitored, and conservation measures are planned as part of the Group's management practices. Conservation and protection areas are identified, along with High Conservation Value Areas within plantation areas, where zones of significant natural or semi-natural vegetation are maintained or improved. Care is also taken to preserve riparian ecosystems, classified habitats and wildlife corridors.

In keeping with its commitment to certification, the Group has embraced responsible management policies, reflected in its investment in research and development (R&D), and in particular in the contribution made by RAIZ, a research Institute in the forest and paper sector. This institute is involved in projects seeking to optimize forest practices and in programmes for genetic improvement of eucalyptus, for increasing productivity and yields in forest operations, and for combating pests and diseases.

### **Protecting forests against wildfires**

One of the central pillars of the certification process is the plan for protecting forests against wildfires, in which the Portucel Soporcel Group invests approximately € 3 million each year. The Group's approach in this field has been to allocate roughly 60% of its resources to prevention and the remaining 40% to fire-fighting activities. The Group is by

far the largest private provider of resources to this important area of forestry and environmental protection.

The Portucel Soporcel Group supports the national fire-fighting system as the main backer of Afocelca, an industry organization actively engaged in fighting fires, the vast majority of which on land not belonging to the Group.

The Group's concern for issues relating to the prevention and fighting of forest fires is clearly reflected by the fact that it has contributed to reintroducing in Portugal fire fighting techniques using manual equipment, which have become common practice in the theatres of operations.

In the field of prevention, significant efforts have been made to raise awareness amongst communities in the areas of greatest risk. This has been combined with strategic management of forestry fuel in critical landscape areas.

The 2009 campaign involves more than 300 people, coordinated from an operational headquarters working round the clock, and a vast array of physical resources including 4 helicopters transporting special brigades, 6 watch towers, 35 light vehicles for primary intervention and 16 semi-heavy vehicles, with their respective teams of firemen, in addition to 40 employees in member companies mobilized in vehicles equipped with kits containing 600 litres of water. In addition, the Group has been involved in pruning and clearance activities in more than 1,200 hectares of softwood plantations, maintenance work in a further 10,000 hectares and conservation of approximately 5,000 km of fire breaks and paths in woodlands under Group management.

### **Disseminating good forestry practices**

The decision of the Portucel Soporcel Group to certify its forestry assets is especially significant in Portugal, where the predominance of small and very small forestry properties has been responsible for low standards in silviculture.

The demonstration that certification leads to the adoption of better forestry practices provides an added incentive for industry associations to start up group and regional certification processes, which will have the potential to increase productivity and improve yields of forest producers.

A number of forestry certification initiatives are currently underway in Portugal (some of them already successfully completed), but there is a pressing need to extend forest certification to the majority of Portuguese woodlands, and especially those which form the basis of export industries. This will only happen when forestry producers can see, in

practice and in the field, that the certification process leads to improved productivity and yields, supported by practices which are exemplary in environmental and social terms.

### **Assuring sustainability**

By managing our forests well, and using the best environmental techniques offered by applied research, we are able to produce paper on an eco-efficient and renewable basis.

The Group's main strategic aims are to obtain high and sustainable yields, to maintain the fertility and productivity of the soil and to preserve natural resources. These aims have underpinned a number of initiatives, including the following:

- Partnership with WWF (*World Wide Fund for Nature*) on biodiversity management in order to identify High Conservation Value Areas (HCVA) within the vast forestry assets under the Group's management. On conclusion of the first stage of this project it was found that 48% of this land presents attributes qualifying it for classification as high conservation value areas at the landscape level – an environmental treasure which the Group is committed to protecting;
- Implementation, with the support of biodiversity experts, of wildlife conservation projects in the different areas under management, using an approach compatible and coordinated with that of the project with the WWF.
- Adoption of the "Business and Biodiversity" management philosophy expressed in the biodiversity agreement concluded with the ICNB (Institute for the Conservation of Nature and Biodiversity) and in the Group's involvement in *Countdown 2010*, an initiative organized by the *World Conservation Union* (IUCN) and designed to halt the loss of biodiversity.
- Membership of the *Associação para a Gestão Florestal Responsável*, known as FSC Portugal, which is working to establish a Portuguese standard.

In addition to double certification of its woodland assets, the Group has undertaken a number of initiatives to encourage certification of privately-owned forests, which supply the bulk of the raw material for its mills. This has involved training and awareness-raising through associations of forest producers and the creation of a prize for innovation in certified timber.

### **About the Portucel Soporcel Group**

The Portucel Soporcel Group is one of Portugal's strongest players on the international stage, operating in one of the country's core sectors and occupying a highly prominent position in the international paper and pulp market.

The Group is a major European producer of UWF (Uncoated Woodfree Paper), and also the largest producer in Europe, and one of the largest in the world, of bleached eucalyptus kraft pulp (BEKP).

With a production capacity of 1.05 million tons of paper and 1.35 million tons of pulp (of which approximately 765 thousand tons is incorporated into paper), the Group has an annual turnover in excess of € 1,100 million, sending exports worth more than 950 million euros to more than 90 countries, which represents approximately 93% of its paper and pulp sales. It therefore accounts for approximately 3% of the Portuguese exports of goods which, in conjunction with sales on the home market, correspond to 0.7% of the country's GDP.

With a leading position in the eucalyptus forestry sector, the Portucel Soporcel Group is responsible for management of around 120 thousand hectares of woodlands. The Group has very recently obtained certification for the woodlands assets under its management under the prestigious PEFC - *Programme for the Endorsement of Forest Certification Schemes*, having also obtained certification by the FSC (Forest Stewardship Council) in December 2007. By December 2008 these represented around 54% of certified forests in Portugal.

The Group's plans for future development are currently centred on the construction of a new paper mill at its industrial complex in Setúbal, some 50 kilometres from Lisbon, which will boost the world's largest and most sophisticated machine for production of UWF paper, with annual production capacity of 500,000 tons.

Due to start up during the third quarter of 2009, the new plant represents an investment of € 550 million and brings the Group's paper production capacity up to a total of around 1.5 million tons a year. This will allow it to lead the European UWF market and to build further on its already impressive position in the North American market.