

Sender
Henrik Sjölund

Dear Commission President,
Dear Executive Vice Presidents,
Dear Vice Presidents,
Dear Commissioners,

As President and CEO of the Swedish listed forest industry company Holmen AB, I fully support the enclosed joint letter expressing the views of Swedish forest owners on the forthcoming EU Forest Strategy, EUFS. The signatories of the joint letter plus Holmen's forest holdings represent the vast majority of private productive forest land in Sweden. We also fully support the comments of the Swedish Forest Industries Federation on the draft revised EU Forest Strategy as expressed in the email from Mrs Anna Holmberg on 22 June.

Our main concern regarding the draft of the new EUFS is that the forests are almost solely seen as carbon sinks and that the value chain as a whole is completely ignored.

Active forest management ensures the Swedish forests to act as a major carbon sink, but it is also a fact that a big part of the climate benefit is gained from active, sustainable forestry when forest materials replace fossil alternatives; therefore we should be making more use of our forests, not less. The proposed EUFS risks being misdirected due to its focus on the growing forest acting only as a carbon sink. The holistic perspective, in which the short-lived products from forest raw material come about as a result of producing products with a long lifetime, such as planks substituting cement and steel, is not considered at all. Short-lived products such as paper, packaging material and bioenergy also play an important role in the green transition. It is our clear view that if the EUFS fails to look at the entire value chain and the climate benefits to be gained from substitution, neither the EU or its Member States will achieve the 2030 and 2050 climate targets. The climate benefit of the forests is manifold and derives both from forest growth and substitution.

Holmen is one of Sweden's largest forest industry companies. Our business concept is to own and add value to the forest. Our forest holding of 1.3 million hectares forms the basis of our operations and we span the entire value chain from forestry to climate-smart wood products and renewable paper and packaging, as well as generating wind and hydro power on our own land. As a company, we also play an active part in the Nordic forestry model and are an important contributor to Sweden being at the forefront of sustainability and the energy transition.

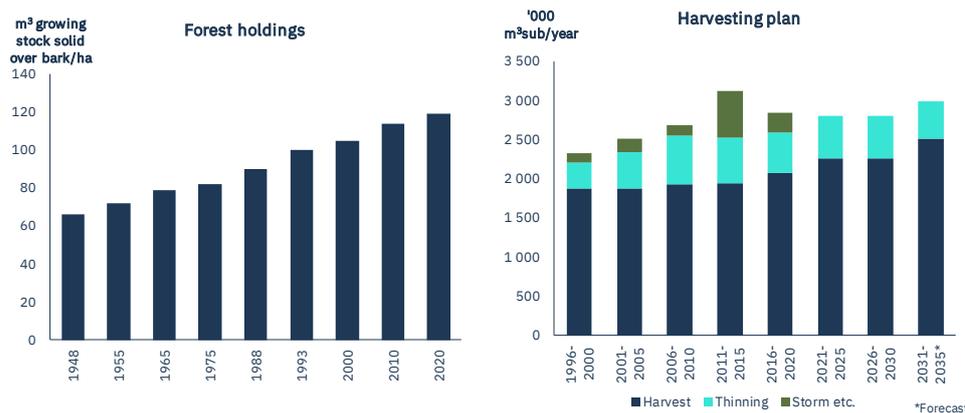
1. Holmen's strategy reflects the conditions in the Nordic forests. Far too often, the Nordic forestry model is confused with forestry based on conditions in other geographies. Nordic forestry rests on the business model of only producing paper, packaging material and bioenergy from residual material from thinning carried out to improve the growth of sawlogs and from by-products from the sawmills. Nonetheless, these short-lived products too are essential to the green transition as they substitute fossil alternatives.

Active forestry focused on high growth, and enhanced diversity of natural habitats and species in our forests are not mutually exclusive. In Nordic forestry combining these two aims is fundamental. However, during the recent visit of Commissioner Virginijus

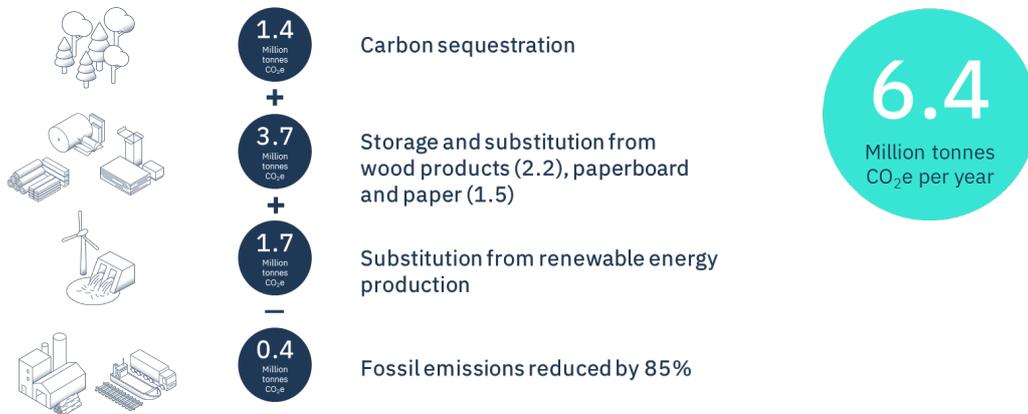


Sinkevičius, it became clear that there is some confusion regarding the biodiversity measures that we take in the Swedish forestry, since only formally protected land is reported to the EU. Today's practice is that the Swedish Environmental Protection Agency does not report voluntarily conservation areas nor the extensive environmental conservation measures that is being carried out during harvesting. Holmen has, as an example, voluntarily set aside almost 8 000 sites of in total 50.000 hectares, which we systematically manage to maintain and improve habitat diversity. In addition, Holmen takes environmental conservation measures when harvesting corresponding to 10 % of the harvested area. National statistics, on for example hard dead wood and large deciduous trees, shows that important habitats have increased significantly since 1990.

2. The volume of standing wood per hectare of productive forest land and harvested volume are increasing as a result of sustainable forestry where we have been able to combine high growth with extensive environmental considerations. This is shown by the following graphs of Holmen's forest land over time:



3. The whole value chain must be included to give a true picture of the climate benefits gained from the forest. Holmen is a good example of the contribution made by the growing forest as a carbon sink, but also of the way wood substitutes fossil building materials such as cement and steel. Additional short-lived products such as paper, packaging material and bioenergy also contribute to the climate by substituting fossil alternatives. The forests owned by Holmen sequester 1.4 million tonnes CO₂e per year, but if we include the 3.7 million tonnes stored in the value chain and our renewable energy production of 1.7 million tonnes, Holmen's net contribution is 6.4 million tonnes of stored carbon per year. For the details behind this calculation, please see our annual report at www.holmen.com



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In summary, we are concerned about the view of the forests as displayed in the draft EUFS. The EUFS does not consider the full contribution made by active forestry and wood-based products to the green transition. The draft of the new EUFS solely views the forest as a carbon sink and does not acknowledge the benefits derived from the forest throughout the value chain, as outlined above. We are extremely concerned that if the EUFS fails to take the entire value chain into account, the EU's ambitious climate targets for 2030 and 2050 will be out of reach. Without a holistic perspective that incorporates the forest's climate mitigation benefits, the EUFS will not be valid. In addition to the concerns expressed above, we would also like to address the fact that the shift in policymaking from initiatives from Member States to centralised micromanagement of forestry is deeply worrying. The EUFS should instead be focusing on our shared, overarching goals.

Yours sincerely,
Henrik Sjölund

President and CEO Holmen

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