

Finnpulp: “We are dismayed by the decision of the Supreme Administrative Court to reject the environmental permit.”

On December 19, 2019, the Supreme Administrative Court (KHO) rejected the environmental permit for the Finnpulp bioproduct mill in Kuopio. The decision came after a vote, with two members in favour of awarding environmental permit. The decision is final and is not subject to an appeal. “This marks the end of the current mill project, which is a great loss for Finland,” says **Niilo Pellonmaa**, Chairman of the Board of Finnpulp.

Finnpulp questions the grounds for the decision. The project has been prepared with the best expertise in the world, including leading consultants in the forest industry, such as Pöyry.

“We have provided all necessary and requested material to the authorities and courts during the permit process. Therefore, the statement in the decision that Finnpulp has not provided sufficient studies is incomprehensible,” says **Martti Fredrikson**, Managing Director of Finnpulp. He further points out that according to the decision, Finnpulp should have comprehensively assessed the impact also of all other pollutants on Kallavesi throughout the mill's estimated economic life cycle (40–50 years). “This is a requirement that no industrial mill can meet. No such studies have been required neither during this process nor in previous pulp and paper projects,” says Fredrikson.

For comparison, Finnpulp points out that the authorities' water body management plans are drawn up for six years. Even such plans do not address all of the factors required of Finnpulp.

The KHO has also based its decision on the obligation of the EU Water Framework Directive to achieve good status of the water body. Expert studies commissioned by Finnpulp show that the ecological status of Kallavesi would not have deteriorated as a result of the mill.

According to Fredrikson, the decision of the KHO is in complete contradiction with previous positive decisions of the Regional State Administrative Agency and Vaasa Administrative Court.

Finnpulp's environmental permit process lasted almost five years. The company started an environmental impact assessment in spring 2015 and the permit was granted by the Regional State Administrative Agency for Eastern Finland in March 2017. The permit was appealed to Vaasa Administrative Court, a court specializing in environmental matters. The decision of the Vaasa Administrative Court in 2018 was appealed to the Supreme Administrative Court.

According to Niilo Pellonmaa, the decision of the KHO is a serious message internationally: “According to this decision, the Finnish investment environment is not attractive to international investors. There was a lot of interest towards the Finnpulp project worldwide, and we already succeeded in having a significant international investor in the project. Understandably, investors value stability and predictability when considering investments. Five years of uncertainty for international investors and for major new projects in general, is far too long,” says Pellonmaa.

“The reason for our investment decision is because we trusted Finnish society behind the project on the basis of an environmental permit issued by the Regional State Administrative Agency,” says Hengan, owner of 36.5% of Finnpulp. “We have also appreciated the positive attitude of the City of

Kuopio and the surrounding society. We are deeply disappointed. From an environmental point of view too, this would have been a benchmark bioproduct mill globally.”

According to Finnpulp, environmental permit granted by the Vaasa Administrative Court in 2018 would have meant that water emissions were about 40% lower per tonne produced compared to modern Finnish pulp mills.

The investment cost estimate for the Finnpulp bioproduct mill was EUR 1.6 billion and, once completed, the employment effect would have been 3 400 persons.

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