

Corporate **SOCIAL** responsibility



Financial and environmental performance is continuously being monitored and reported. The same practice is now being applied to social and socio-economic issues.

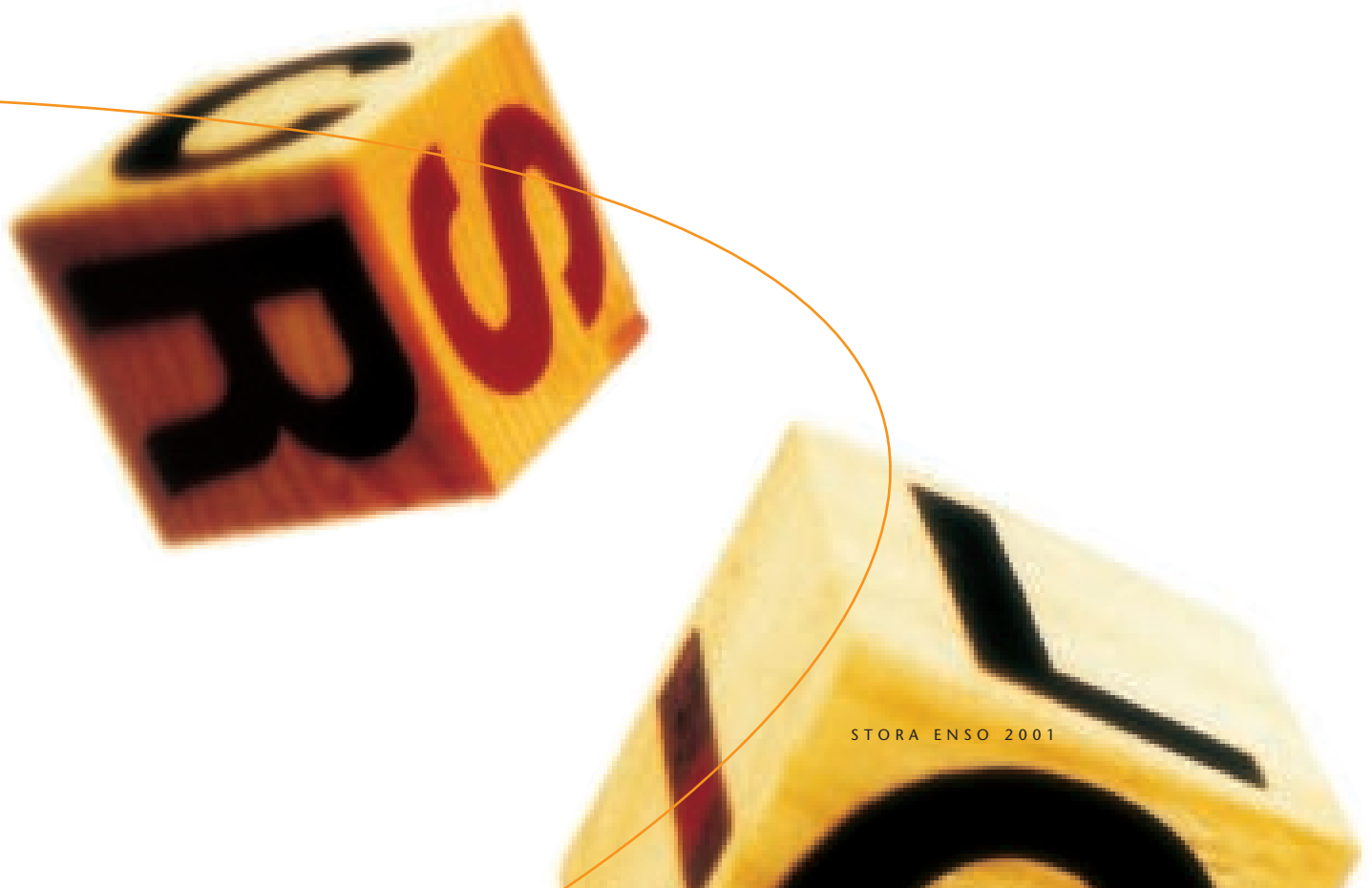
Value creation and responsibility go hand in hand

In a time of intensified globalisation growth must go hand in hand with responsible business conduct - and Stora Enso has a declared strategy of growth. This is one of the reasons why the Group decided to define its Principles for Corporate Social Responsibility and develop the necessary monitoring systems.

A strong correlation exists between responsible operations and business gains. Stora Enso's goals are long-term profitability and value creation through business excellence. In Stora Enso's case business excellence incorporates three pillars of sustainability – financial, environmental and social.

Stora Enso has also decided to support the United Nation's Global Compact initiative and its nine principles. The Global Compact was launched in 2000 by Secretary-General Kofi Annan who urged world business leaders to help make globalisation work for all the people of the world.

The Group's mission, vision and values formed the starting point for defining the Principles for Corporate Social Responsibility. The principles translate the social aspects of the Environmental and Social Responsibility Policy into more concrete form and are consistent with other Stora Enso policies and guidelines. The principles stated below are based on internationally accepted statements, such as the United Nations Universal Declaration on Human Rights and International Labour Organization (ILO) conventions.



The background features several wooden blocks with black letters on them, arranged in a way that suggests the word 'JOY'. A thin, curved orange line arches across the top of the page. The overall aesthetic is clean and modern.

The Stora Enso Principles for Corporate Social Responsibility

1. Business Practice

- Co-operation between Stora Enso and our stakeholders shall be open-minded, fair and based on equal terms.
- Practices defined as bribes, kickbacks, price-fixing and similar behaviour are prohibited.
- Employees must avoid conflicts of interest between their private financial activities and the conduct of Company business.
- All business transactions on behalf of Stora Enso must be reflected accurately and fairly in the accounts of the Company.

2. Communication

- Communication is based on credibility, responsibility, pro-activity and interaction. These apply equally to all stakeholders.
- We advocate an open dialogue.

3. Community Involvement

- We shall be a responsible member of the communities in which we operate through focused partnerships at local, national and global levels. We encourage our employees to take part in local community work.

4. Reduction in work force

- Any necessary reduction in the workforce shall be carried out with respect for the individual and proper sensitivity to employees' needs.

5. Human Rights

Working conditions

- Our employees are entitled to safe and healthy workplaces. No employee shall be subject to any physical, psychological or sexual harassment, punishment or abuse.

Diversity

- We recognise diversity as a strength. Discrimination against any employee in respect of race, ethnic background, gender, disability, sexual orientation, religion, political opinion, maternity, social origin or similar characteristic is prohibited.

Freedom of association

- Employees have the right to organise, join associations and bargain collectively, if they wish to.

Free choice of employment

- Any form of involuntary labour is prohibited.

Child labour

- Use of child labour is not permissible. The minimum age for employment shall be in accordance with the ILO convention (14 or 15 years) or the age specified by local legislation if higher. The employment of young persons shall not jeopardise their education or their development.

Remuneration

- Wages shall be paid direct to employees. Employees shall be paid at least the minimum legal wage or the wage specified in an applicable collective labour agreement.

Working hours

- Working hours shall not exceed 48 hours and overtime 12 hours per week on average over a year unless other conditions are specified in local laws or an applicable collective labour agreement.



Continuous change provides new opportunities

Local communities have often grown up around forest industry units. These communities have been dependent on the mills - not only as an employer, but also as a provider of many social services. The communities have, however, developed and society has taken over social services.

The forest products industry has shifted from labour-intensive to capital-intensive. Today large-scale units producing for the international market are typical of a business formerly characterised by many small mills. In this process some communities have lost and others gained. Structural changes may also have undesirable impacts at a personal level, underlining the need for responsible management.

Stora Enso's most important stakeholder groups today are customers, employees, investors, partners and society - both civil and governmental. Stora Enso works mainly in a business-to-business environment. The size of the customer varies from small privately-owned businesses buying a few tonnes to multinational companies buying several hundred thousand tonnes of products each year.

Since many of the suppliers are big multinational companies, they are often listed on the stock market. Some of these companies already work and report on their performance as corporate citizens. This allows Stora Enso to share knowledge and experience.

In wood procurement the picture is quite different since suppliers are often forest-owner families. A frequent challenge in this case is how to achieve a balance between local socio-economic and environmental impacts.

Today, almost all of Stora Enso's production is located in Europe and North America. Expanding the business to countries outside the traditional home area is demanding in terms of the integration of local and corporate cultures.

At the beginning of a long path

It is vitally important to root the Principles for Corporate Social Responsibility in normal daily work. To this end the Principles are being incorporated in the management systems. Stora Enso's system for business excellence, Excellence 2005, is particularly important in this respect. Stora Enso also has a number of internal management training programmes that now include training in Corporate Social Responsibility questions and practices.

Applying process thinking in Corporate Social Responsibility work requires us to evaluate our current performance and actions against the Principles. Three task forces have mapped the internal need for the development of guidelines and education and have analysed internal and external cases, reflecting the prerequisites for success and the sources of shortcomings.

Monitoring and reporting performance in the social and economic area require a long-term perspective and the solving of many methodological questions. In some areas qualitative data probably gives a truer picture than numbers do.

A set of indicators has been determined to make monitoring and reporting possible. The first five indicators shed light on working conditions, diversity, communication and social and economic impact.

Throughout the greater part of Stora Enso, the Principles described have been adhered to intuitively in both practice and training. It will, however, take some time for the Principles for Corporate Social Responsibility to become an integral part of all our operations. Stora Enso's Board of Directors and senior management have expressed their strong commitment to this process but it will require the efforts of all Group's employees to ensure that better practices are truly implemented.

