

Better purchasing

It has become increasingly important to manage and incorporate sustainability issues throughout the supply chain.

Stora Enso has evaluated its suppliers against a set of environmental criteria for a number of years, and began work on evaluating supplier's social performance as well during autumn 2002.

Wood is by far the most important raw material for Stora Enso. The company promotes good forest management and tracing the origin of fibre is the most important tool to guarantee that the wood procured is from sustainably managed sources. All fibre sources must be in accordance with the company's values, strategies, and policies. These include the Stora Enso Corporate Social Responsibility Principles, which form the framework for the operations of the Group's regional wood procurement organisation.

Stora Enso is also a large purchaser of transport services. Stora Enso Transport and Distribution is responsible for transporting products from mills to customers, and negotiates its own agreements with transport suppliers on a regional basis. During 2003, the department will focus on addressing CSR Principles in their operations, giving special attention to business practices.

Working with suppliers

The other main categories of materials and services purchased annually by Stora Enso are binders, pigments, chemicals, packaging, paper machine



clothing, maintenance, repair and IT investments. Pigments, binders, and chemicals are the single largest categories of materials in terms of volume and value.

The purchasing of these raw materials is carried out at both the Group and local level. Stora Enso Purchasing, headed by the Senior Vice President, Purchasing, operates on a regional basis in close cooperation with divisions and mills. The unit is responsible for evaluating all suppliers systematically, setting purchase agreement standards and negotiating corporate and regional purchase agreements.

A software solution used to evaluate suppliers' environmental performance has been expanded to evaluate suppliers' social performance. The criteria will become stricter stepwise and implementing these criteria at the local level will be one of the

priority areas in 2003. Areas currently under evaluation include:

- Business practice
- Health and safety
- Harassment (sexual, racial, ethnic)
- Child and forced labour
- Discrimination (gender, age, race, religion, sexual orientation)
- Freedom of association

Stora Enso Purchasing has also prepared a document entitled 'How to do business with Stora Enso', outlining the Group's expectations regarding how its partners do business with Stora Enso. This document has been sent to all Group suppliers. ■