

Good governance

enhances accountability

Good corporate governance plays an important role in improving sustainability management and the overall compliance with Stora Enso's policies and principles throughout the Group. This helps Stora Enso to pursue objectives and issues that are also important for stakeholders, and thus enhances their confidence in the Group.

Stora Enso in brief

Stora Enso is an integrated paper, packaging and forest products company producing publication and fine papers, packaging boards and wood products, areas in which the Group is a global market leader. Customers include large and small publishers, printing houses and merchants, as well as the packaging, joinery and construction industries worldwide. The main markets are Europe, North America and Asia.

Stora Enso's sales totalled EUR 12.4 billion in 2004. The Group has some 45 000 employees in more than 40 countries on five continents, and an annual production capacity of 16.4 million tonnes of paper and board, and 7.7 million m³ of sawn wood products, including 3.2 million m³ of value-added products. The Group has production facilities in Europe, North America and Asia. Stora Enso's shares are listed in Helsinki, Stockholm and New York.

The Sustainability Committee is chaired by the Deputy CEO. The committee members are nominated by the CEO, and currently include the heads of all product areas and relevant corporate staff units. The Sustainability Committee is responsible for:

- formulating corporate policy and strategy on environmental and corporate social responsibility issues;
- ensuring that these policies and strategies are well established and respected throughout the Group;
- co-ordinating and following up relations and communications with stakeholders such as governmental and non-governmental organisations;
- taking initiatives for the development of relevant management procedures;
- producing the annual Sustainability Report.

The Sustainability Committee has four support teams whose role is to address sustainability issues throughout Stora Enso's value chain, and to monitor, assess and publicise emerging issues in order to promote the implementation of the Group's sustainability policies and strategies. The support teams are:

- the Environment Co-ordination Team
- the Customer Support Team
- the Corporate Social Responsibility Team
- the Forest Environment Team.

As the chairman of the Sustainability Committee, the Deputy CEO has overall responsibility for sustainability issues in Stora Enso and together with the CEO must make decisions on strategic and policy issues. The Deputy CEO is also a member of Stora Enso's Board of Directors.

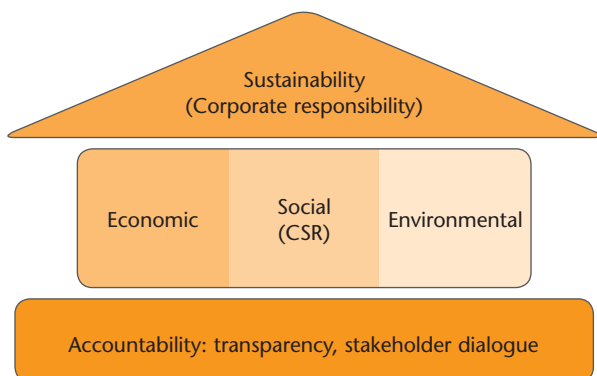
Operational management is responsible for sustainability performance at each organisational level, in order to guarantee compliance with the Group's commitments. The corporate environmental and CSR units closely support the Group's business operations and staff functions.

Putting the Environmental and Social Responsibility Policy into practice

Stora Enso uses *sustainability* as the umbrella term to describe responsible business operations that include economic, environmental and social responsibility. The challenge in sustainability management is to effectively balance the different aspects of sustainability in long-term and short-term decision-making processes at all levels within the Group.

Corporate sustainability policies and strategies are guided by Stora Enso's Environmental and Social Responsibility Policy, and executed through systematic environmental and social management practices.

A set of policies and principles related to sustainability have been established to support the Group's Environ-



“Stora Enso is committed to sustainability and strives to be recognised for superior performance in this area.”

mental and Social Policy. The most relevant policies and principles are:

- Principles of Environmental and Social Responsibility for Wood Procurement and Sustainable Forest Management
- Forest Certification Principles
- Principles for Implementing Environmental Management Systems
- Transport Environmental Principles
- Principles for Corporate Social Responsibility
- Corporate Occupational Health and Safety Policy
- Principle on Genetically Modified Organisms (GMOs).

In addition to the above policies and principles, Stora Enso established a Code of Ethics in spring 2004 to fulfil the requirements of the US Sarbanes-Oxley Act of 2002.

This regulation requires all companies listed in the USA to provide a specific set of statements on environmental, social and economic issues. Stora Enso's Code of Ethics formulates and summarises the Group's current sustainability management approaches and practices. Operational management is responsible for compliance with the Code, which applies to all Stora Enso employees.

Business Excellence Guide 2005

The Stora Enso Business Excellence Guide (SEBEG) is one of the most impor-

tant tools for implementing sustainability related principles and targets.

This Total Quality Management (TQM) handbook of tailor-made criteria was introduced in 2003 as a basis for development and self-assessment. The guide was updated during 2004 to improve the advice it contains for units wishing to prioritise the most important areas for development. The purpose of the Stora Enso Business Excellence Guide is:

- to ensure that Stora Enso's strategy is fully understood at every level of the organisation;
- to ensure consistent implementation in key areas;
- to ensure integration of all appropriate elements, focusing on all stakeholders;
- to help obtain a true picture of Stora Enso's current performance level;
- to facilitate internal benchmarking;
- to ensure that key concepts are understood in the same way throughout the Group.

The new updated SEBEG 2005 represents a major step forward in the ways it facilitates alignment with Stora Enso's strategy and priorities, and the integration of TQM into planning and implementation work.

Sustainability issues have been more systematically incorporated into the new

SEBEG, and addressed at more practical levels to give units clear guidelines and examples on ways to manage and prioritise sustainability. On the environmental side, the focus is on newly established environmental performance targets; while with CSR, the emphasis is on identifying and addressing CSR priorities at the unit level.

The guide examines the environmental, social and economic aspects of sustainability as a whole, in order to encourage and support comprehensive sustainability management and reporting.



Read more about Stora Enso's Corporate Governance at www.storaenso.com/2004/financials.