

Increasing pro-activeness



Pulling in the same direction to promote sustainable forestry in Latvia, at a summer event organised by Wood Supply Baltic in July 2004.

Stora Enso has resolved to further improve dialogues with stakeholders in order to obtain a fuller understanding of their different perspectives on critical sustainability issues. Stora Enso aims to pro-actively and consistently address these sustainability issues throughout the Group's business operations and decision-making.

Stakeholder engagement is vital for accountable business operations, instrumental in risk management, and also helps to identify opportunities for value creation.

In 2004, the Sustainability Committee recognised the need to create a systematic approach and identify best

practices for stakeholder engagement throughout the Group. Stora Enso's existing channels for stakeholder engagement form a sound basis for further developments in this field.

Action plan to address key questions

An action plan will be prepared during 2005 to help make Stora Enso's stakeholder engagement work more systematic and pro-active with regard to the following key issues and questions:

- **Governance and knowledge sharing**
How can current information and methods be utilised more efficiently in decision-making and to support organisational learning?

Stora Enso's operations have many wide-ranging effects on local communities and even whole societies, as well as employees, investors, customers and suppliers. It is vital to maintain regular contacts with all these stakeholder groups in order to learn about their needs, hopes and concerns.

- **Stakeholder engagement tools**
How should the currently available tools be complemented to systematically gather information, to increase understanding of stakeholder views, to identify material issues, and to foresee potential risks before problems arise? How do the tools used at various levels of the company interact with each other?
- **Reporting**
How can Stora Enso better track and report stakeholder satisfaction with regard to sustainability issues, and provide stakeholders with information they find relevant, timely and accurate? ●

Investor ratings provide valuable feedback

Sustainability indexes help investors to identify companies that create long-term value for shareholders and for society at large. Stora Enso is the only forest products & paper company that has been included in the Dow Jones Sustainability Index (DJSI World) every year since the index was launched in 1999.

According to the Dow Jones Sustainability Index Assessment 2004 the Group's strengths are:

- comprehensive environmental reporting, social reporting and assurance processes
- integration of environmental policy and management
- well-defined climate strategy
- service orientation in customer relationship management
- systematic strategic planning
- strategic approach to genetically modified organisms
- excellent knowledge management/organisational learning

- strong human capital development (training and skills).

Areas to be improved:

- Codes of conduct should be better enforced and monitored.
- A corporate-level approach is needed to corporate citizenship and philanthropy.
- Regarding industry-specific environmental performance, the Group should be able to demonstrate a decreasing trend over four years in greenhouse gas emissions, energy consumption and waste generation. Alternatively, Group-level

Stakeholder	Engagement channels	Stakeholder	Engagement channels
Customers	<p>Stora Enso's Customer Relationship Management (CRM) procedures:</p> <ul style="list-style-type: none"> ● Stora Enso Account Management (SEAM) ● Customer satisfaction survey ● Customer support: <ul style="list-style-type: none"> ○ Sustainability co-ordinators at sales offices and in the Corporate Customer Support Team ○ Regular meetings and direct customer contacts ○ Partnership projects, e.g. the Tikhvin Project (see pages 50–51). ● Sustainability reports, EMAS statements and other publications. 	Partners	<ul style="list-style-type: none"> ● Supplier satisfaction surveys ● Supplier evaluations ● Supply chain management tools: <ul style="list-style-type: none"> ○ Company Management Performance Assessment (COMPASS) ○ Bargain for Quality Management System ○ Internal and third-party audits in wood supply. ● Partnership projects, e.g. the Tikhvin Project (see pages 50–51) ● Participation in industry organisations.
Employees	<ul style="list-style-type: none"> ● Employee satisfaction survey ● Value & attitude survey ● Internal customer satisfaction survey ● Co-operation with employees and their representatives at unit, division and corporate level ● Training courses ● Regular appraisal discussions ● Intranet and printed publications such as employee magazines, sustainability reports and EMAS statements. 	Civil society	<ul style="list-style-type: none"> ● Image surveys ● Open House days at production units ● Local information lines ● Public hearings related to environmental social impact assessments ● Issue-specific dialogue and co-operation with non-governmental organisations (NGOs) ● Sustainability reports and EMAS statements.
Investors	<ul style="list-style-type: none"> ● Stora Enso's detailed responses to questionnaires from Socially Responsible Investors (SRI) ● Presentations ● One-to-one meetings ● SRI pages at www.storaenso.com, sustainability reports and EMAS statements. 	Governmental bodies and authorities	<ul style="list-style-type: none"> ● Co-operation with inter-governmental organisations (e.g. UNDP and UNICEF) ● Issue-specific dialogue with authorities ● Sustainability reports and EMAS statements.

environmental targets may be published together with details as to whether they have been met.

With regard to the issues where improvements were recommended in 2003, Stora Enso has clearly improved its approach to climate strategy, and has also published a comprehensive code of conduct. However, no significant progress was made in the area of philanthropy strategy, according to the DJSI assessment.

FTSE4Good, the other leading index series for socially responsible investors, also lists Stora Enso. The FTSE4Good index particularly focuses on human rights issues.

Stora Enso has also been included in the following indexes:

- Nordic Sustainability Index
- Ethical Index Euro and Global
- Climate Leadership Index

In addition to listings on such indexes, Stora Enso has also been ranked by several other members of the SRI community, mainly related to banks or funds.

Stora Enso ranked top in the materials sector of a recent sustainability study conducted by GES Investment Services (previously known as the Caring Company). The materials sector includes firms in the paper and forest products,

chemicals, metals and mining, construction materials and building products industries. Europe's 300 largest companies were rated on their performance on environmental issues, human rights, stakeholder engagement and corporate governance issues.



Stora Enso launched Internet pages for Socially Responsible Investors (SRI) in 2004. Read more at: www.storaenso.com