

Global Responsibility Report Stora Enso 2013

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Cover illustration: The words on the tree represent comments received from our stakeholders through Stora Enso's Online Advisory Panel in 2013. The relative sizes of the words reflect the number of times they were repeatedly used by the panel. For more information on our Online Advisory Panel see page 8.

Stora Enso in brief

Stora Enso is the global rethinker of the paper, biomaterials, packaging and wood products industry. We always rethink the old and expand to the new to offer our customers innovative solutions based on renewable materials. Stora Enso employs some 28 000 people worldwide, and our sales in 2013 amounted to EUR 10.5 billion. Stora Enso's annual

production capacity is 5.4 million tonnes of chemical pulp, 11.7 million tonnes of paper and board, 1.3 billion square metres of corrugated packaging and 5.6 million cubic metres of sawn wood products, including 2.9 million cubic metres of value-added products. The Group is listed in Helsinki and Stockholm.

Printing and Living Division

Printing and Reading Business Area

Stora Enso Printing and Reading is a world-class responsible supplier of renewable paper solutions for print media and office use. Its customers – publishers, retailers, printing houses, merchants, converters and office suppliers among others – are served with products that best fit their purpose. The offering includes newsprint, book paper, super-calendered magazine paper, coated paper and office paper that are used for example in newspapers and supplements, books, magazines, brochures, notebooks, art books and an office environment.

The Business Area's mission is to inspire the world with sustainable paper, as it believes in the power of paper in communication, learning and creative expression. Printing and Reading is continuously developing its products and service offering with innovative solutions such as lightweight papers that achieve greater material efficiency and lower environmental impact without compromising on printing quality.

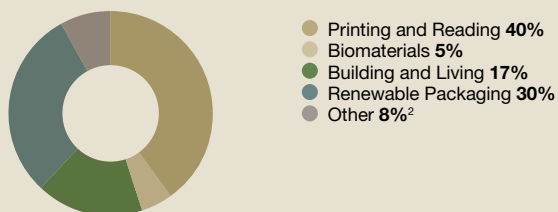
Building and Living Business Area

Stora Enso Building and Living provides wood-based innovations and solutions for everyday living and housing needs. Its product range covers all areas of urban construction, from supporting structures to interior design and environmental construction. The further-processed products include massive wood elements and housing modules, wood components and pellets. A variety of sawn timber goods complete the selection.

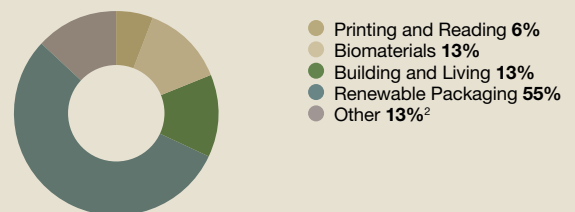
Building and Living serves public and private sector customers, such as construction companies, merchandisers and retailers. Building and Living has more than twenty production units in Europe and operates globally, with its main markets in Europe, the Middle East and North Africa, and Asia Pacific. The products are made of renewable, high-quality European pine or spruce with 100% traceability. With carbon captured in the wood products, they offer a truly sustainable means of reducing climate change.

External sales and operational EBIT¹ by segments

Sales EUR 10 544 million



Operational EBIT EUR 578 million



¹ For more information see our Financial Report 2013: www.storaenso.com/annualreports

² The segment Other includes the Nordic forest equity accounted investments, Stora Enso's shareholding in Pohjolan Voima, operations supplying wood to the Nordic mills and Group shared services and administration.

Biomaterials Division

Stora Enso Biomaterials offers a variety of pulp grades to meet the demands of paper, board and tissue producers. Pulp made from renewable resources in a sustainable manner is an excellent raw material with many different end uses. When the new Montes del Plata Pulp Mill in Uruguay starts operations in 2014, Biomaterials will have an even wider product offering, including northern bleached softwood kraft and bleached hardwood kraft pulp (birch and eucalyptus), which are used for a variety of paper grades, packaging paperboards and tissue, as well as fluff pulp for hygiene applications and dissolving pulp for the textile industry.

The mission of Biomaterials is to find new, innovative ways to utilise the valuable raw material wood, while simultaneously running existing pulp and by-product businesses as efficiently as possible, based on the needs of its customers.

Biomaterials operates the Nordic stand-alone pulp mills Enocell and Sunila in Finland, and Skutskär in Sweden, as well as the joint ventures Veracel in Brazil and Montes del Plata in Uruguay with corresponding plantations. Biomaterials also runs the plantations in Rio Grande do Sul in Brazil, the trial plantations in Laos, and the Pulp Competence Centre and the Biorefinery in Europe.

Renewable Packaging Division

Stora Enso Renewable Packaging offers fibre-based packaging materials and innovative packaging solutions for consumer goods and industrial applications. Renewable Packaging operates throughout the value chain, from pulp production to production of materials and packaging, to recycling.

Consumer Board product range covers all major board categories and end-uses such as liquid packaging boards, cigarette boards, graphical boards and general packaging boards for packaging cosmetics and luxury products, chocolate and confectionery, pharmaceuticals and food.

Packaging Solutions products include corrugated packaging for consumer and transport packages, containerboard, cores and coreboard, paper sacks, and sack and kraft paper.

Renewable Packaging is expanding in growth markets such as China, India and Pakistan to meet the rising demand in these markets. Renewable Packaging will build an integrated board and pulp mill in Guangxi in southern China.

Renewable Packaging production sites in Europe are located in Finland, Sweden, Spain and Eastern and Central Europe.

Geographical distribution of external sales and market share

Printing and Reading	Europe	Latin America	Asia Pacific	Rest of the world
Geographical distribution (% of sales)	78	7	10	5
Market share %	16	6	2	

Building and Living	Europe	Asia Pacific	North Africa	Middle East
Geographical distribution (% of sales)	56	21	8	15
Market share: Europe 4%, worldwide 2%.				

Biomaterials	Europe	Asia Pacific	Rest of the world
Geographical distribution (% of sales)	66	25	9
General market share not applicable due to nature of the business.			

Renewable Packaging	Europe	Asia Pacific	Rest of the world
Geographical distribution (% of sales)	78	14	8
General market share not applicable due to nature of product portfolio.			

Message from the CEO



Dear reader,

Stora Enso is changing. The company is investing in growing markets and scaling down business in shrinking markets. Our business follows people's changing needs. We must produce more solutions such as food packaging based on renewable materials for consumers around the world, while producing less of the products that people need less, such as paper for printed media. We are transforming ourselves into a renewable materials company that creates value for our stakeholders globally. Such value creation leads to benefits enjoyed by communities around our new investment projects, for instance.

These changes lie behind much of the content of this report. Change brings along opportunities and successes, as well as painful experiences. In this report we want to set the record straight about investments and layoffs, and the challenges we are facing in our traditional markets and in growing markets.

The content of this report is very much defined by you. Last year we invited our stakeholders to participate in our online Global Responsibility Advisory Panel, and this report reflects the topics considered important by the panel, alongside issues brought up by customers, investors and the media – including social media. In sustainability terms, 'materiality' means we must report on issues that you think we should report on, and not just on things we find convenient.

To me this is what Global Responsibility is essentially about: listening to our stakeholders, understanding our impacts and opportunities, and then taking action. Our Global Responsibility Strategy, which is also based on stakeholder feedback, builds on this idea. In 2013 we have applied this strategy to create a set of targets and performance indicators designed to make sure that we do not just talk about our aims, but actually do something towards them – something that you can measure and follow.

Our Global Responsibility Strategy and the related key performance indicators mirror the changes we are going through – and the new situations we are facing related to social responsibility, business ethics and land use in growth markets. We can now follow our performance on issues such as human rights and sustainable leadership through these indicators. In our tree plantations we strive to contribute to conservation and healthy ecosystems, and we will also measure the efficiency of our land

use in order to save natural resources and improve the competitiveness of our operations and the growing local economies we are part of. Our environmental targets include further reductions in our emissions and improvements in our resource efficiency, both of which are of strategic importance for us and for the planet.

To make sure that we reach our targets, we have set up a Global Responsibility Council to lead and monitor our progress. This council includes representatives from all of our divisions and key corporate functions. In 2013 our Annual General Meeting also established a Global Responsibility and Ethics Committee within our Board of Directors, to look into the different aspects of our corporate responsibility at the Board level.

During 2013 we took significant steps towards our targets. In Guangxi, in southern China, where we are investing in two stages in a pulp mill and a consumer board mill, we kicked off a responsible water stewardship project in partnership with Kemira, a global chemicals company with world-class know-how on water management. This project not only demonstrates our commitment to the United Nation's CEO Water Mandate, but will create shared value for both Stora Enso and Kemira by strengthening our expertise in our fields in China, while also bringing new expertise and value to local communities. Our ultimate aim is to help create a world-class forest technology cluster in Guangxi, and this project represents an early step along that road.

At our major industrial investment in Montes del Plata, Uruguay, we faced serious challenges last year. The construction of the pulp mill was delayed when our main technology contractors were not able to complete their work according to the agreed timetable. The occupational health and safety performance at the construction site was not acceptable, with four contractor fatalities related to the construction project in 2013, including two serious road accidents. Two additional fatalities occurred in connection with our contractors' wood transportation operations in Uruguay.

Montes del Plata was not the only location where we did not reach our goal to become an accident-free workplace. In 2013 other four fatalities occurred at our mills in the Czech Republic, Russia, Germany and Poland. Two of these fatalities involved contractors, and two of our own personnel lost their lives.

We firmly believe that all these accidents would have been avoidable. During 2014 we will continue to focus intensely on improving the safety performance of our operations together with our contractors. Stora Enso's overall safety performance has improved in recent years. In 2013 our total recordable incident (TRI) rate fell to 14.0 incidents per million working hours. Our new target is to reduce our TRI rate to below 5.0 by the end of 2015.

Investing in our people is a strategic priority for Stora Enso, whether this involves ethical leadership, safety issues, or helping our former colleagues to find new opportunities. In 2013 we continued our restructuring process, which is largely driven

by the decline in the global paper market. When redundancies become unavoidable, we strive to involve the authorities and other stakeholders in the process as early as possible, and to inform the people involved in good time. Most crucially, we try to help those affected to find employment by offering alternative jobs within Stora Enso, or through outplacement schemes, coaching, retraining, facilitated moves to other locations, or retirement planning.

During 2013 we also took steps towards our targets on environmental impacts and efficiency. We invested 13.5 million euros in biomass energy production at Enocell Mill in Finland, which will reduce the mill's fossil carbon dioxide (CO₂) emissions by 30 000 tonnes annually, and also cut our direct financial costs. At Sunila Mill in Finland we invested in a world-class biorefinery, which will reduce the mill's fossil CO₂ emissions by replacing up to 90% of the natural gas used at the mill with lignin extracted from black liquor in the mill's processes. At the same time this investment is creating new lignin-based business opportunities in the special chemicals market.

In 2013 our CO₂ emissions per saleable tonne of pulp, paper and board were 28% lower than the 2006 benchmark level. Our

target is to reduce Stora Enso's CO₂ intensity by 35% from the benchmark level by 2025.

Our strategies on Global Responsibility and Ethics and Compliance are essential for the changes we want to realise at Stora Enso. These two strategies incorporate the most important framework guiding our work: the ten principles of the United Nations' Global Compact.

Change can be scary, but it is the only way forward. I would like to assure you that in terms of our Global Responsibility, change will ultimately be rewarding. But change must involve listening to our stakeholders to help us constantly chart the right course – and rethink our operations.

We are building up businesses based on renewable materials, and this is the right path for us. I hope that after reading about our recent successes and setbacks in this report, you will agree with me. If not, please let us know why. At Stora Enso, we love challenges.

Jouko Karvinen
CEO of Stora Enso

360-degree responsibility

The largest global trends impacting the corporate responsibility and ethics agenda during 2013 have been the continuing economic growth in Asia and the very slow recovery of Europe. These trends have encouraged and will continue to encourage European companies to increasingly seek out business opportunities in higher risk geographies and unfamiliar business environments.



At the same time governments, shareholders, investors and NGOs have all started to put more emphasis on the need for companies to holistically tackle human rights dilemmas by taking initiatives that go beyond meeting legal obligations. Multilateral actors such as the United Nations, the OECD and the European Commission are also increasingly looking at corporations' ability and willingness to commit themselves to fulfill their responsibility role in global society.

For Stora Enso the ongoing changes in the global economy and an increasing focus on our stakeholders mean challenging journeys in places like Latin America, China, India and Pakistan. Stora Enso has initiated several schemes successfully, but also accumulated many learning experiences concerning how important it is to understand not

only the global framework of corporate responsibility, but also local cultures, differences and difficulties. Most of all we have learnt that changes take time, and decades-old traditions do not change overnight.

In the changing global business landscape it would be easy to forget that the decreasing demand for paper also gives us extra obligations related to responsibility in Europe. The key issue here is how to responsibly downsize the company and minimise the negative impacts on individuals, families and communities.

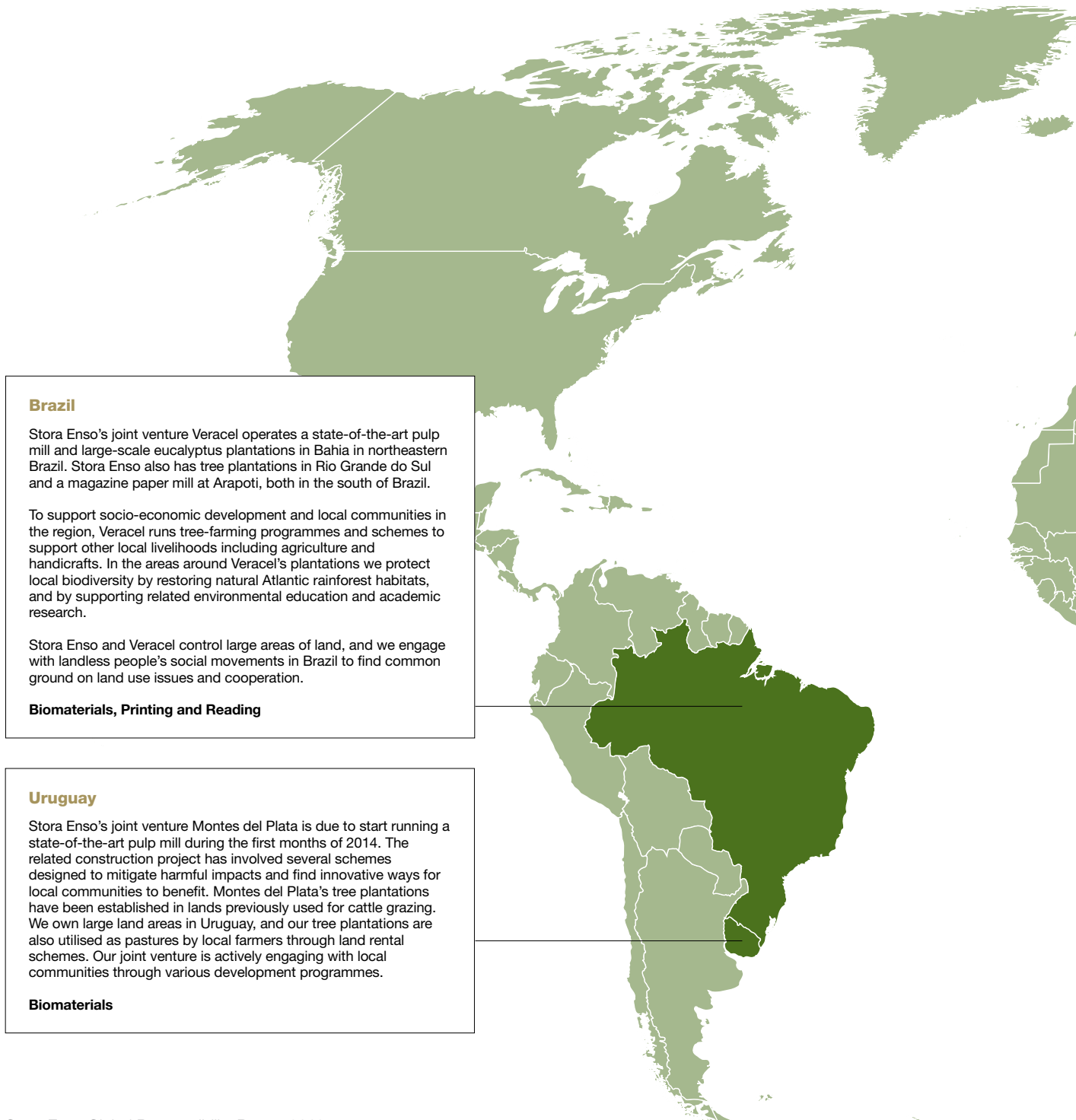
Focusing more intensely on societal questions must not result in us taking our focus away from environmental issues such as climate change and water management, however.

During 2014 credible companies will focus further on integrating corporate responsibility into their long-term strategic plans. We will rightly be expected to truly commit ourselves to demonstrate our social and environmental leadership. It will be yet another groundbreaking year for Stora Enso with regard to Global Responsibility.

Anne Brunila
Chair of the Global Responsibility and Ethics Committee
Stora Enso's Board of Directors

Global Responsibility on the map

The focuses of our work vary according to local conditions and priorities. This map gives an overview of our main responsibility issues in different geographical locations, and also shows which of our divisions and business areas have production units in each region.



Brazil

Stora Enso's joint venture Veracel operates a state-of-the-art pulp mill and large-scale eucalyptus plantations in Bahia in northeastern Brazil. Stora Enso also has tree plantations in Rio Grande do Sul and a magazine paper mill at Arapoti, both in the south of Brazil.

To support socio-economic development and local communities in the region, Veracel runs tree-farming programmes and schemes to support other local livelihoods including agriculture and handicrafts. In the areas around Veracel's plantations we protect local biodiversity by restoring natural Atlantic rainforest habitats, and by supporting related environmental education and academic research.

Stora Enso and Veracel control large areas of land, and we engage with landless people's social movements in Brazil to find common ground on land use issues and cooperation.

Biomaterials, Printing and Reading

Uruguay

Stora Enso's joint venture Montes del Plata is due to start running a state-of-the-art pulp mill during the first months of 2014. The related construction project has involved several schemes designed to mitigate harmful impacts and find innovative ways for local communities to benefit. Montes del Plata's tree plantations have been established in lands previously used for cattle grazing. We own large land areas in Uruguay, and our tree plantations are also utilised as pastures by local farmers through land rental schemes. Our joint venture is actively engaging with local communities through various development programmes.

Biomaterials

Europe

Most of Stora Enso's sales and operations take place in Europe. Mitigating their environmental impacts and realising related business benefits is a top priority for us. We especially focus on enhancing our material efficiency, minimising CO₂ emissions, and using water responsibly.

We source most of our main raw material, wood, in northern Europe. Promoting forest certification and sustainable forestry is therefore a vital part of our sustainability work in this region.

All Stora Enso's packages, papers and wood products are safely recyclable. We actively promote and participate in recycling schemes, especially in densely populated parts of Europe.

Occupational Health and Safety (OHS) is another important focus of our work in Europe, where most of Stora Enso's employees are located.

Mainly due to declines in the region's paper markets, we have had to close some of our operations in Europe. We have continued to support the affected people and communities.

Printing and Reading, Biomaterials, Building and Living, Renewable Packaging

Russia

Our operations in Russia include wood sourcing and forestry operations, as well as three packaging mills and two sawmills. In Russia we particularly focus on promoting forest certification, and improving occupational health and safety practices.

Building and Living, Renewable Packaging

Pakistan

Stora Enso's joint venture Bulleh Shah Packaging provides fibre-based packaging products to local and international customers in the Pakistani market. Our initial shareholding in the joint venture, co-owned with the locally based company Packages Ltd, is 35%; but Stora Enso has made a commitment to subsequently increase this share to 50%. The joint venture agreement was completed in 2013. A sustainability due diligence process was carried out before the joint venture was formed, covering human rights all along supply chains, ethical business practice risks and environmental management issues.

Renewable Packaging

India

Our joint venture Stora Enso Inpac runs a consumer packaging mill in Chennai. The mill employs approximately 400 people and specialises in producing fibre-based consumer packaging solutions. Our responsibility priorities at Chennai Mill include occupational health and safety, ethical business practices and supply chain management.

Renewable Packaging

China

China is the Group's third largest country of operation in terms of the number of employees. In addition to our two paper mills and two core plants, Stora Enso owns production and distribution units in China through the packaging company Inpac International. Our major investment project in Guangxi, in southern China, is further expanding our operations. Top priorities for Stora Enso in China include social responsibility issues and environmental performance.

Our operations in Guangxi consist of eucalyptus plantations and the ongoing construction of a consumer board mill in the city of Beihai. The mill is expected to start operating in the beginning of 2016. Our investment plan also includes a pulp mill whose construction is due to commence after the board mill is up and running. We have been establishing and managing tree plantations in Guangxi since 2002. One important element of this work concerns respecting local people's land use rights and working to prevent land use disputes. We have continued to revise the land lease contracts previously offered to local people, while continuously striving to improve the working and living conditions of our contract workers.

Renewable Packaging, Printing and Reading

Strategy and governance

As we continue carrying out our business strategy and taking new steps outside of our traditional markets in Europe we are striving to further strengthen our ethical behaviour and social responsibility. Global responsibility and ethics are emphasised throughout Stora Enso's corporate governance, starting from our Board of Directors, the CEO and our Group Leadership Team.

Stora Enso's wider business strategy is to achieve a transformation from a European pulp and paper company into a value-creating renewable materials company focusing on growth markets, guided by the company's newly defined purpose 'Do good for the people and the planet'.

At the core of Stora Enso's businesses is our aim to replace non-renewable materials with our products and solutions based on renewable materials – and thus utilise our expertise on renewable materials to promote sustainable living globally. As an integral part of our strategic business goals, our Global Responsibility Strategy and our Ethics and Compliance Strategy direct us in our daily work to enhance the sustainability performance of our operations, and to create shared value with our stakeholders.

Our Purpose and Values

The ultimate aim of our businesses and work on Global Responsibility and Ethics is to realise our Purpose 'Do good for the people and the planet' and our values 'Lead' and 'Do what's right'. We defined and launched our new Purpose and Values in 2012. During 2013 we have continued to build awareness of these issues throughout the company. This work has included discussion sessions among employees, chaired by their managers, planned to promote open dialogues emphasising what our Purpose and Values should mean in our daily work. According to our annual employee survey 75% of our employees feel they can identify with our new Purpose, and more than 70% feel that our Values guide them in their daily work.

Stora Enso has been expanding into geographical areas which offer excellent business opportunities, but which also entail serious risks related to responsibility and compliance issues. More information about our operations in Asia and Latin America is presented on pages 25-36 of this report, and our Group-level approach to Ethics and Compliance is featured on pages 43-44.

New Global Responsibility Strategy

During 2012 we reviewed our Global Responsibility strategy to make it better reflect our operational environment and the direction the Group is taking. Our Global Responsibility strategy defines three Lead Areas in which Stora Enso is especially working to enhance operational sustainability and take leadership. These Lead Areas are People and Ethics, Forests and Land Use, and Environment and Efficiency. Each Lead Area includes specific Key Performance Indicators and targets (see pages 12-13). The contents of this report have also been structured under the Lead Areas.

Our new policy on Global Responsibility, based on the reviewed strategy, was approved by our CEO and Group Leadership Team in August 2013. The policy is available at www.storaenso.com/sustainabilitypolicies.

Material sustainability topics¹

Our Global Responsibility Strategy was formed through a participatory process involving the Group's divisions and key corporate functions. This work started in 2012 with the identification of material sustainability topics in our operations, based on our stakeholders' views obtained through our Online Advisory Panel and other channels and dialogues, as well as our own internal analyses of the sustainability impacts of our operations and related business implications.

In 2013 we continued to engage our internal and external stakeholders in our materiality review and Global Responsibility Strategy process through our Online Advisory Panel. We also asked our stakeholders to help us shape our recently launched Global Responsibility Strategy and its three Lead Areas, which were outlined for the panel participants. The panel included a total of 614 participants from 47 countries representing different stakeholder groups (184 from 20 countries in 2012).

We additionally reviewed customer feedback, investors' questions, and global media coverage of Stora Enso in the context of sustainability issues. These information sources were analysed by our internal experts to provide a basis for our review of material sustainability topics for this report and for the Group as a whole.

¹ G4-18, G4-26, G4-27

The stakeholder representatives in our Online Advisory Panel continued to emphasise the importance of human rights, a sustainable business approach, stakeholder engagement, environmental management, sustainable forestry and land use issues. Issues given increased importance by the panel in 2013 included responsibility issues related to water and biodiversity.

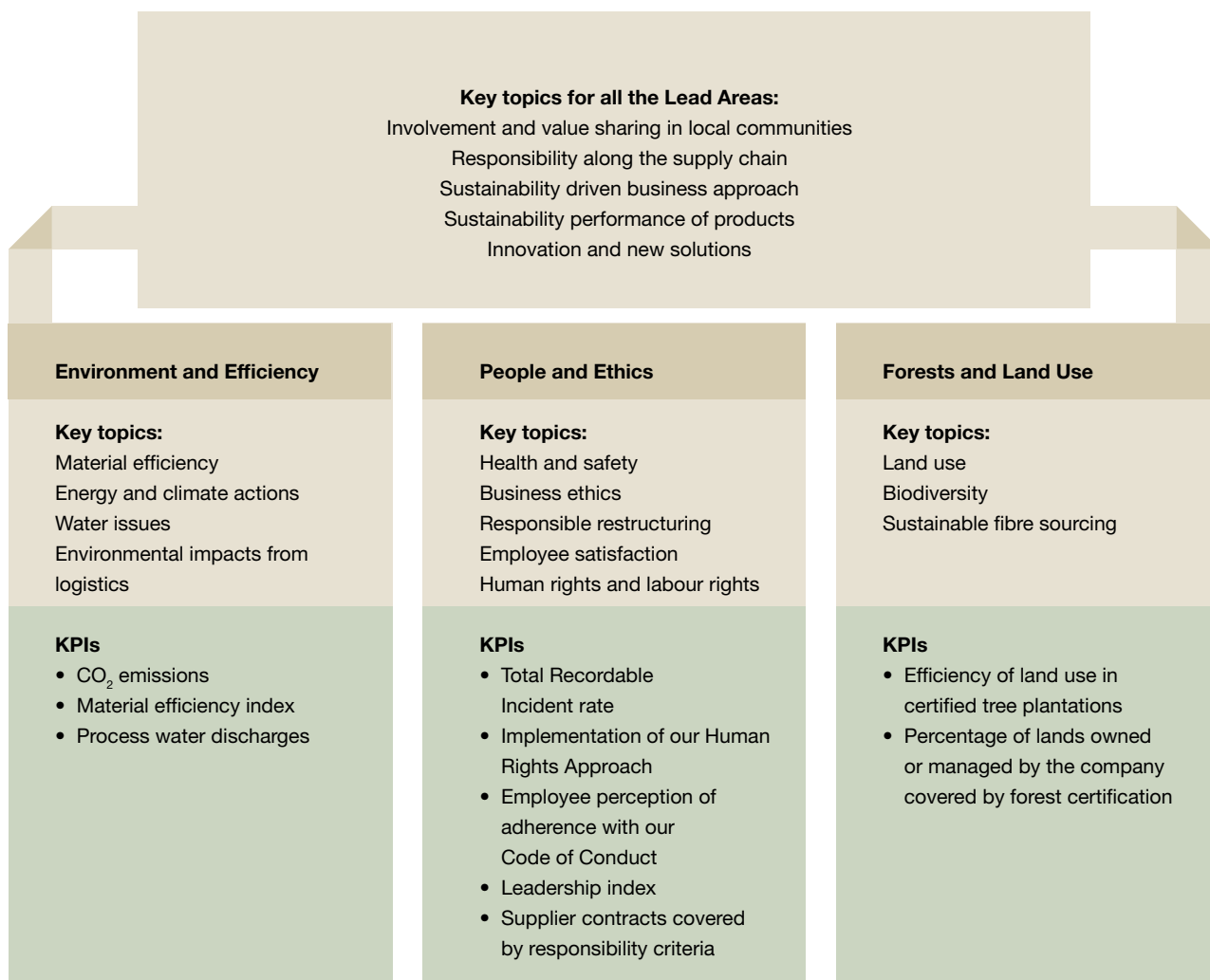
As a result of our internal analyses of materiality we decided to combine some of the sustainability topics identified in 2012 to increase the overall clarity of the materiality review. The sustainability topics we consider as material for Stora Enso are described on the illustration below.

A summary of the outcomes of the Online Advisory Panel and the materiality review of sustainability topics were reviewed by our CEO and the Board of Directors' Global Responsibility and Ethics Committee in 2013. The summary of the Online Advisory Panel's outcomes was also shared with panel participants.

New Key Performance Indicators

Our Key Performance Indicators (KPIs) were reviewed in 2012 as part of our Global Responsibility Strategy. Our KPIs are structured by our Global Responsibility Lead Areas. They monitor, measure and summarise the Group's progress on sustainable development and the related impacts on our business and stakeholders. In addition to the KPIs, our sustainability per-

Identified key topics and performance indicators for each of our Global Responsibility Lead Areas



formance is measured using other more detailed metrics and disclosures, as presented in this report. During 2013 we developed data collection processes for the new KPIs and set our new sustainability targets. These revised KPIs and targets were approved by our Global Responsibility Council in 2013. Our KPIs and targets are presented on page 12-13.

Governance and management

Global Responsibility and Ethics are emphasised throughout Stora Enso's corporate governance, starting from our Board of Directors, the CEO and our Group Leadership Team.

Our CEO and our Group Leadership Team (GLT) are ultimately responsible for Stora Enso's strategies on Global Responsibility and Ethics, and related key performance indicators and policies. They also monitor and assess their implementation.

The Board of Directors' Global Responsibility and Ethics Committee

A new Global Responsibility and Ethics Committee set up by our Board of Directors was introduced at our Annual General Meeting (AGM) in 2013. This committee is responsible for overseeing Stora Enso's work on global responsibility and ethical business conduct, as well as our efforts to be a responsible corporate citizen and our contributions to sustainable development. The committee will regularly review our Global Responsibility Strategy and Ethics and Compliance Strategy and oversee their implementation, in accordance with Stora Enso's corporate governance structure. The committee members have also reviewed our disclosures in this report. Throughout its work the committee will consider Stora Enso's Purpose and Values, as well as our Code of Conduct, Business Practice Policy and Global Responsibility Strategy. Details of the committee and its charter are available at www.storaenso.com/investors.

At a meeting of our Board of Directors held after the AGM, Anne Brunila (chair) and Birgitta Kantola were appointed as members of the Global Responsibility and Ethics Committee. For more information about our Board of Directors and its committees see Stora Enso's Financial Report 2013: www.storaenso.com/annual-reports or www.storaenso.com/investors.

Global Responsibility Council

As part of our Global Responsibility Strategy process a new governance model for Global Responsibility was established in 2012. Stora Enso's divisions all have their own sustainability organisations, which were further strengthened during 2013. Our Global Responsibility corporate function meanwhile focuses on overall developments, stakeholder engagement and reporting in relation to global responsibility issues.

Integration of Global Responsibility and Ethics into Group Governance



rethink.

New board-level committee

Stora Enso is one of the first listed companies to establish a dedicated board-level committee to handle corporate responsibility issues. Global Responsibility and Ethics Committee members Anne Brunila and Birgitta Kantola want to engage in open dialogue with stakeholders. "We have to be the same good company – no matter where we operate," says Brunila. Read more about our new board-level committee and the thoughts of its members in our Rethink 2013 magazine.

RETHINK 2013:
WWW.STORAENSO.COM/ANNUALREPORTS



Global responsibility issues are led and monitored by Stora Enso's Global Responsibility Council, whose members come from our divisions and key corporate functions. The council is chaired by our Head of Global Identity, and reports to the CEO and the Group Leadership Team.

Ethics and Compliance Board

Stora Enso's Ethics and Compliance Board is a governance body that operates at management level under the CEO.

The board monitors and assesses the Group's legal compliance and ethical business conduct. This work involves:

- defining and implementing policies on business practices, including Stora Enso's Code of Conduct
- compliance-related processes and tools
- concrete legal and regulatory compliance-related issues and business practices

The Head of Group Ethics and Compliance chairs the Ethics and Compliance Board. Other members of the Ethics and Compliance Board are the CEO, the CFO, the Head of Global People and Organisation, the Head of Global Identity and the Head of Internal Audit.

Actions related to major ethics and compliance issues are supervised by the Board of Directors and its Financial and Audit Committee and Global Responsibility and Ethics Committee.

Managing daily sustainability issues

The Stora Enso Group's divisions and support functions are responsible for daily sustainability issues and their operational management. We use a wide range of tools for this in practice, including:

- specific policies, guidelines and statements on Global Responsibility
- Group-level Global Responsibility targets and key performance indicators (KPIs)
- management systems such as ISO and OHSAS
- forest certification schemes
- supply chain management
- social and environmental impact and risk assessments
- sustainability due diligence for investment decisions
- responsibility reporting and third party assurance

Global responsibility ultimately entails responsibilities for everyone working at Stora Enso, and we expect all of our employees to fulfill these commitments and responsibilities in their everyday work.

Our Code of Conduct and other policies, guidelines and statements related to global responsibility spell out Stora Enso's approach to issues that are material to us, and guide all our employees in their everyday work. Most of these documents, including our Code of Conduct, are available at www.storaenso.com/sustainabilitypolicies.

rethink.

Transformation on three continents

The future will see Stora Enso serving customers in new geographical locations and in new industry segments. Montes del Plata in Uruguay, Guangxi in China, and Sunila in Finland are three locations where Stora Enso's transformation into a renewable materials company is becoming reality. Read more about these investments in our Rethink 2013 magazine.

RETHINK 2013:
WWW.STORAENSO.COM/ANNUALREPORTS



Targets and performance

In 2013 we finalised the revision of our Key Performance Indicators (KPIs) and related targets as part of our Global Responsibility Strategy. Stora Enso's revised Global Responsibility KPIs and targets are listed in the table below together with our related performance results for 2013, and references to the sections of this report where our actions and progress against the respective indicators are described in more detail.

Key Performance Indicator	Performance in 2013	Target	Strategic objective	Read more
People and Ethics				
Health and Safety				
Total Recordable Incidents (TRI) rate	14.0	Below 5.0 by the end of 2015.	To make sure that our employees go home safe, every day. Superior safety performance also helps us to enhance our productivity and attractiveness as an employer.	Pages 41–42
Human Rights				
Extent of implementation of the Group's approach to human rights issues: - Policy Commitment - Human Rights Assessments - Actions and engagements - Access to remedy - Tracking performance - Communication and reporting	Strengthened Global Responsibility organisation in Guangxi and Pakistan, with a focus on human rights issues. Comprehensive human and labour rights assessments conducted in Chennai, India. Further emphasis on human rights in our revised Code of Conduct and related training.	Human rights risk assessments to be conducted in all countries with production units, forestry and/or plantation operations by the end of 2014. Action plans to be in place by the end of 2015 based on the risk assessments.	To align our operations with the UN Guiding Principles on Business and Human Rights.	Pages 45–46
Ethics and Compliance				
Employees' perception of the Group's adherence to our Code of Conduct. ¹	64% of employees agree or strongly agree that we adhere to our Code of Conduct.	To have a positive trend.	To support our business, foster accountability and enhance our good reputation.	Pages 43–44
Sustainable leadership				
Leadership index – our ability to live up to the expectations defined in Stora Enso's leadership themes. ²	75	To have a positive trend.	To drive performance and company culture and build sustainable business operations by having leaders that act as effective role models.	Pages 38–40
Responsible sourcing (of inputs other than wood)				
% of supplier spend covered by our supplier responsibility criteria. ³	94% of the Group-level supplier spend covered by our responsibility criteria.	To include unit-level contracts in the measurement during 2014, and ensure that more than 90% of the total supplier spend will be covered by our responsibility criteria by the end of 2016.	To mitigate risks related to our supply chain and improve the competitiveness of sourcing by increasingly including our responsibility criteria in purchasing contracts.	Pages 19–20

¹ Measured in the annual employee survey.

² Measured in the annual employee survey. Stora Enso's Leadership Index (LSI) is built around our five leadership themes: customer needs, business acumen, do what's right, inspire & motivate, and people management. The LSI is compiled on the basis of average response ratings on a five-point scale to 14 questions covering the five leadership themes. The index is reported as a number between 0 and 100. A perfect LSI score of 100 would mean that all respondents had given the highest possible rating (5) in response to all 14 questions.

³ Including direct and indirect inputs other than wood.

Key Performance Indicator	Performance in 2013	Target	Strategic objective	Read more
Forests and Land Use				
Efficiency of land use				
Increase (%) in the volumes of fibre produced per hectare in certified tree plantations owned and managed by the company. ⁴	N/A	To be defined during 2014.	To save on natural and financial resources while maintaining ecosystem integrity through forest certification procedures.	Pages 47–53
Sustainable forestry				
% of the lands owned and managed by the company covered by forest certification schemes.	93%	To be defined during 2014.	To promote the sustainable use of forest resources.	Pages 47–53
Environment and Efficiency				
Climate and energy				
CO ₂ emissions (Scope 1+2) per saleable tonne of pulp, paper and board.	28% lower than 2006 benchmark level	35% below 2006 benchmark level by the end of 2025.	To mitigate climate change, and improve our energy efficiency and cost efficiency.	Pages 54–56
Material efficiency				
Material efficiency index	N/A	To establish a Group-wide measurement process and target during 2014.	To save natural resources and financial resources.	Pages 54, 62–63 and 65
Process water discharges				
Volume (m ³) per saleable tonne of pulp, paper and board.	7% lower than 2005 benchmark level	10% below 2005 benchmark level by the end of 2015.	To improve our energy and material efficiency.	Pages 60–61 and 65
Chemical Oxygen Demand (COD) per saleable tonne of pulp, paper and board.	10% lower than 2007 benchmark level	10% below 2007 benchmark level by the end of 2015.	To further improve the high quality of our wastewater treatment so as to meet our commitments to our stakeholders and the environment.	

⁴ Measured as Mean Annual Increment (MAI, m³/ha) and calculated as a weighted average for planted areas in each certified plantation venture.

Stakeholder relations

Feedback from our stakeholders helps us to understand which issues they are most concerned about. By engaging with our stakeholders we can prioritise issues, reduce possible risks and take advantage of new businesses opportunities. Stora Enso's Global Responsibility Strategy and the related actions are largely based on feedback from our stakeholders.

All our stakeholder relations are guided by Stora Enso's Code of Conduct, Business Practice Policy and Stakeholder Guidelines. These policies and guidelines set out principles that all Stora Enso employees are obliged to follow in their relations with stakeholders. They also help our stakeholders to understand what standards of behaviour they can expect from Stora Enso employees. More information about our Code of Conduct and Business Practice Policy is given on page 43. All of these documents can be read in full at www.storaenso.com/sustainabilitypolicies.

We obtain stakeholder feedback largely through our regular contacts with our stakeholders at meetings, fairs, community visits, public hearings, open house events or other events organised by or for our stakeholders. We additionally engage with our suppliers through our supply chain approach (for details see page 19). We also receive indirect stakeholder feedback through grievance channels, contacts with trade unions, and various surveys and studies including surveys of customer satisfaction and employee satisfaction.²

Stora Enso employs stakeholder engagement specialists in locations where our operations are relatively new or significantly affect local communities. Such locations include Guangxi, China, and our joint venture companies Veracel in Brazil, and Montes del Plata in Uruguay. These specialists are trained in stakeholder communications, and their work also involves channeling feedback from stakeholders to the relevant managers. For more information on our stakeholder relations work in Asia and Latin America see pages 25–36.

Engagement online

During 2013 we worked to renew the Stora Enso Group's website, which is one of our main tools for sharing information with our stakeholders, including investors and financiers. During 2013 our business divisions each additionally worked to establish their own websites providing stakeholders with division-specific information. These division-level websites can be accessed through the Group website www.storaenso.com, which focuses on Group-level information and also provides a portal to all of our digital channels.

We have continued engaging with our stakeholders through our Online Advisory Panel during 2013 by inviting people representing our different stakeholder groups around the world to influence our Global Responsibility Strategy. The outcomes of this online panel formed key elements for the materiality review process for this report and our Global Responsibility Strategy. For more information see pages 8–9.

Our social media sites are open to anyone wishing to discuss issues related to Stora Enso. You can follow our feeds, participate in discussions and initiate new topics at www.facebook.com/storaenso, www.twitter.com/storaenso and www.linkedin.com/company/storaenso.

Our stakeholders

We consider anyone interested in our work as a stakeholder. Significant stakeholder groups for Stora Enso include:¹

- Consumers
- Customers
- Employees
- Forest-owners
- Governments
- Investors
- Local communities
- Media
- NGOs
- Partners and suppliers

Major stakeholder concerns in 2013³

In March 2013, a coalition of NGOs placed a complaint before the UN Human Rights Council (UNHRC) about Stora Enso's land leasing practices in Guangxi, China. The NGOs also referred to the biodiversity challenges caused by eucalyptus plantations. We have clarified our position and responded to all allegations related to land use in Guangxi. For more information see pages 25–29. According to the UNHRC's procedures, complaints are sent to the state in question in order to obtain official views on the allegations. The UNHRC's Working Group of Communications (WGC) has duly sent the complaint to the Foreign Ministry of China.

¹ G4-24, G4-25

² G4-26

³ G4-27

On May 16, the Swedish Television company SVT broadcasted a documentary programme called “Dubbel Bokföring” (double book-keeping). The programme was also broadcasted by the Finnish Television company YLE on June 20. The documentary included critical comments from a dismissed former employee in relation to Stora Enso’s acquisition of Consolidated Papers in North America in 2000 and Stora Enso’s accounting practices. This former employee also presented similar accusations to various Stora Enso stakeholders, management representatives and the media between 2008 and 2011. In addition to discussing these issues with our stakeholders, we have published an extensive independent report on all of these accusations and related investigations. The report is available at www.storaenso.com/responsibility.

On July 3, the Swedish newspaper Dagens Industri published an article about a case of misconduct at Inpac International. In 2011, Stora Enso acquired a 51% stake in Inpac International. The acquisition process was finalised in July 2011, at which point Inpac International became Stora Enso Inpac Packaging Co., Ltd. In November 2011 it came to the attention of Stora Enso that persons associated with the company had been involved in business misconduct several years earlier, in 2008. The incident involved a breach of the company’s code of conduct with regard to relations with a customer. The persons involved no longer work for the company, and the situation has since been resolved. Stora Enso and the customer have confirmed that there are no limitations that could preclude future business relations.

In September, the Finnish and Swedish NGOs Finnwatch and Swedwatch published a report based on their study of Chennai Mill’s sustainability, which was conducted during spring 2013 in cooperation with Stora Enso. The report focuses on the mill’s working conditions, occupational health and safety issues, human and labour rights, salary practices and diversity issues.

The report recognises sustainability improvements realised at the mill since it became a Stora Enso subsidiary, but also identifies weaknesses in Chennai Mill’s social responsibility performance. Regarding occupational health and safety, the report focuses on temperature, dust and noise levels, the handling of chemicals and the safety training provided for employees. The report also criticises the wage levels of employees in the lowest salary categories as being too low in relation to the concept of a ‘living wage’. The full report can be read at www.finnwatch.org or www.swedwatch.org

Stora Enso found many of the report’s findings valuable, and took action based on the findings, including improvements to ventilation at the mill, the monitoring of noise levels and internal communications on safety. But the report also contained findings that Stora Enso did not agree with. Stora Enso’s full response to the Finnwatch/Swedwatch report is available at: www.storaenso.com/responsibility.

Memberships in associations

In 2013 Stora Enso continued to be a member of the following associations:

- World Business Council for Sustainable Development (WBCSD)
- UN Global Compact
- The Forest Dialogue (TFD)
- Water Footprint Network
- Confederation of European Paper Industries (CEPI)
- The European Confederation of Woodworking Industries (CEI-Bois)
- The Alliance for Beverage Cartons and the Environment (ACE)
- Various national industry federations
- Forest certification bodies
- The Environmental Committee of the International Organisation for Standardization (ISO), through national member committees

Innovation and product responsibility

At the core of Stora Enso's business is our aim to replace non-renewable materials with products and solutions based on renewable materials – and thus utilise our expertise on renewable materials to promote sustainable living globally. All our papers, boards, packages and solid wood products are based on renewable raw materials and safely recyclable.

We measure the sustainability performance of our operations and products using environmental, social and economic performance indicators and related targets. For more information on our key indicators and targets on Global Responsibility see pages 12-13.

To identify and continuously improve the environmental performance of our products, and to inform our stakeholders accordingly, we also work with product life cycle inventories and analyses (LCIs and LCAs), Paper Profiles, eco-labels, forest certification labels, and environmental footprints, in addition to our own mill-specific certificates. For a full list of our mills' certifications see pages 66-68 or www.storaenso.com/certificates.

Product development in collaboration with stakeholders

Stora Enso develops products, services and production processes in collaboration with our customers and other stakeholders. Our systematically collected customer feedback plays an essential role in this work. Most of our customer feedback relates to expectations concerning our products, services, delivery and prices. Issues related to innovation, product development and sustainability are also mentioned frequently.

In addition to our systematically collected customer feedback, we also learn about the expectations of our customers and other stakeholders through our other stakeholder dialogue channels and forums. For more information see pages 14-15.

We use face-to-face meetings as well as e-learning platforms to inform our customers and train our sales staff on environmental and social responsibility issues. Training sessions include practical exercises emphasising the relevance of sustainability issues in all of our daily work.

In 2013 0.8% of our sales (amounting to EUR 80 million) was reinvested in research and development (R&D) activities. The Group's R&D platforms cover issues including bio-based barriers, micro-materials, composites, biochemistry and wood-based building solutions. For more information on the Group's R&D initiatives see our Rethink 2013 magazine and the Board of Directors' Report in Stora Enso Financial Report, both available at www.storaenso.com/annualreports.

rethink.

Going beyond paper and pulp

Stora Enso is in the middle of a transformation process from a European pulp and paper company to a value creating, growth markets-focused, renewable materials company. The company is complementing its current products and solutions by rethinking the traditional ways of utilising its raw materials. Read more about Stora Enso's transformation process in our Rethink 2013 magazine.

RETHINK 2013:

WWW.STORAENSO.COM/ANNUALREPORTS



Innovation based on renewable materials

To add to the existing products and solutions in our pulp, paper, paperboard and wood product businesses, we are actively entering into new market segments with our new product applications based on renewable materials. These include our packaging solutions that provide alternatives to plastic or aluminum packaging, and our innovative and competitive wood-based construction solutions.

We are also striving to make our paper and board products lighter, without compromising on product quality, so as to save on materials and energy in production and transportation. Other examples of our recent product development include packaging solutions that function both as transportation and sales packages, reducing costs and environmental impacts. Our wood-based solutions and products manufactured on a large industrial scale help our customers in the construction industry and society at large to reduce CO₂ emissions.

In 2013 Stora Enso Biomaterials announced a significant investment decision to build a world-class biorefinery at Sunila Mill in Finland. This investment will reduce the mill's CO₂ emissions by replacing up to 90% of its natural gas fuel with lignin extracted from the black liquor by-products of the mill's processes. Black liquor and the lignin it contains are typically combusted in the pulp mill's soda recovery boiler. In Sunila Mill's production process, however, the heat generated exceeds the mill's requirements, which means the lignin can be extracted from the black liquor.

This will be the first step towards a new business selling lignin to external customers in the future. It will enable global specialty chemical and high-tech material customers to replace fossil raw material with renewable alternatives. Stora Enso is developing new applications in which lignin provides added value as a natural polymer. Production is scheduled to start up at Sunila Mill during the first quarter of 2015. The technology involved also has the potential for future scalability at Stora Enso's other pulp mills.

Improving processes and efficiency

Stora Enso's development work also aims to optimise our manufacturing processes in order to continuously improve the efficiency of our use of wood and other materials, energy and water.

In 2013, the share of bioenergy in our internal energy production was 77% (78% in 2012). This figure is already significantly higher than European paper industry average of 56%.

Nearly all of the water we use comes from surface water bodies, and it is returned to the natural cycle after careful purification.

For more information on our performance on environment and efficiency, see pages 54-68.

Stora Enso actively promotes and participates in recycling schemes, and is one of Europe's largest users of Paper for Recycling (PFR). For more details see page 21.

Product labeling on sustainability performance

Stora Enso's life cycle analysis experts compile life cycle inventory (LCI) data on our products. We conduct LCI surveys on all of our main products, using calculations that are updated annually. LCIs are used in comprehensive life cycle studies to assess environmental impacts along the value chain.

We report on the environmental performance of our paper products following the requirements of the Paper Profile and Paper by Nature initiatives. These voluntary schemes have been developed with the involvement of leading paper producers.

Several of Stora Enso's paper products also bear recognised eco-labels such as the EU Flower, the Nordic Swan and the Blue Angel (Blauer Engel). During 2013 we participated in an initiative set up by the European Commission to develop a new EU Eco-label for converted paper products.

Many Stora Enso products are also covered by forest certification labels, showing that they have been produced using wood from certified forests and controlled sources, and that the whole journey of the raw material from the forest to the store shelf has been documented and verified by an external party.

Environmental footprints

All of Stora Enso's divisions have calculated greenhouse gas emissions for their main products. For more information about Stora Enso's carbon emissions and carbon footprint see pages 55-57.

Stora Enso is participating in several water footprint initiatives to measure our water use, consumption and impacts on local water bodies. We are also working with the International Organization for Standardization (ISO) on the development of standards for carbon and water footprints, and with the Confederation of European Paper Industries (CEPI) and the European Commission to shape rules for a wider product environmental footprint for paper that will cover key environmental impacts throughout the product life cycle.

Product safety

Our in-house control systems cover our processes from the product development stage through raw material sourcing to the delivery of the finished products. We also require our suppliers and partners to comply with Stora Enso's sustainability requirements, including safety aspects.

Packaging for consumer products

Our Renewable Packaging Division produces packaging materials that come into direct contact with food or pharmaceutical products, or are used for other hygiene-sensitive purposes. To guarantee that consumer demands and food safety regulations are fully met, all our units producing food contact materials and other sensitive packaging materials follow Good Manufacturing Practice (GMP). This set of internationally recognised guidelines, which is also incorporated into EU regulations, aims to ensure safety and product quality in foods and pharmaceutical products.

All of our mills producing direct food contact materials and materials for other hygiene-sensitive purposes are additionally certified according to recognised hygiene management standards. We provide our customers with information on products' hygiene and safety aspects through compliance declarations, and we have effective processes in place for testing product compliance and safety.

Chemical safety

Safety issues are foremost whenever we purchase chemicals, and we work with our suppliers to ensure that we only use chemicals that are registered in accordance with the European Union's REACH registration system, and that no chemicals listed by REACH as substances of very high concern are present in our products.

Stora Enso has registered all of the substances that we manufacture in our production processes in accordance with REACH legislation. These regulations have been designed to protect public health and the environment by comprehensively identifying the safety properties of chemical substances and determining how chemicals must be used safely.

rethink.

Innovate to differentiate

Successful R&D work requires simultaneous actions at many levels. "When I first heard about the idea about producing paper or board out of hazelnut shells, I was surprised. Then I became excited: yes, I thought. This is something we want to experience," says Juan Vila, Mill Manager, Barcelona Mill, Spain. To read more about this development and our recent R&D work see our Rethink 2013 magazine.

RETHINK 2013:

WWW.STORAENSO.COM/ANNUALREPORTS



Responsible sourcing

For Stora Enso responsible sourcing means showing our commitment to global responsibility, addressing the concerns of key stakeholders, complying with emerging stricter regulatory frameworks, adhering to best practices suggested by international organisations, and managing supply risks and our reputation.

During 2013 we initiated a Group-wide project designed to create a more coherent and consistent approach to responsible sourcing, in order to further improve our supply chain management on traceability, risk assessment and contract support related issues. This also means aligning our sourcing function with our Purpose and Values (see page 8), further integrating sustainability and compliance into our global purchasing processes via training and support, and continuing to foster our suppliers' performance through training, assessments, audits and follow-ups.

We also support local sourcing as much as possible in order to promote the development of local communities. In the case of our sourcing of wood and Paper for Recycling (PfR), obtaining a

local supply also lies at the core of our logistical efficiency and environmental performance.

As a part of our ongoing improvements we worked on the drafting of a new Supplier Code of Conduct during 2013. This code will be finalised in 2014 to encapsulate the essence of all of Stora Enso's policies, principles and guidelines relating to supplier management. Our Supplier Code of Conduct applies to all of our procurement operations around the world. It contains practical guidance and defines what kind of behaviour is acceptable or unacceptable, regardless of whether the supplier is a forest-owner, a major multinational supplier or a service-provider working for one of our mills. The topics covered by the Supplier Code of Conduct include human and labour rights, occupational health and safety, environmental impacts, and ethical business practices. The code also includes a section on management systems, covering grievance channels, training, management systems in general, policy commitments and risk assessments.

During 2014 we will start implementing the new Supplier Code of Conduct and a related e-learning tool for our purchasers and suppliers.

Sourcing of other inputs

Wood, pulp and paper for recycling are the main raw materials which Stora Enso sources globally. But chemicals and fillers are

Our sourcing network

Stora Enso procures a wide range of products, materials and services. These include our principal fibre sources – wood, pulp and paper for recycling – as well as other direct and indirect inputs such as chemicals, fuels, spare parts, and services from IT and logistics to energy and maintenance services. Our supply network includes suppliers ranging from small-scale forest owners and local companies to large multinationals. We aim to build long-term relationships with our suppliers in order to develop our work together.

Wood is our most important raw material, and sustainable forest management and land use are in our immediate and long-term interest. For more information about our approach to sustainable forestry and land use see pages 47-53.

During 2013 we bought 4% (5% in 2012) of the pulp used in our mills from external sources to complement or supplement our own pulp production (see page 52).

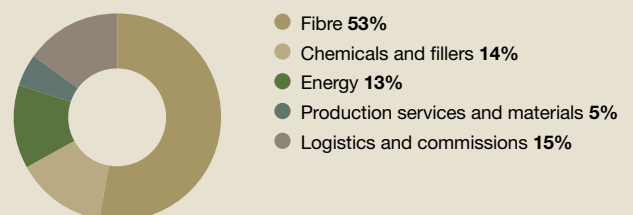
Stora Enso is a major user of recycled paper and board, which accounted for 28% (26%) of the all fibre we sourced for our

paper and board production in 2013. For more information see page 21.

Our sustainability requirements for our suppliers and our policy on wood and fibre sourcing are publicly available at www.storaenso.com/sustainabilitypolicies.

Breakdown of raw material and service costs

% of our total variable costs



also sourced as vital ingredients for pulp and paper production processes, and we also widely procure spare parts for machinery, maintenance services, IT services, travel services, energy, fuels and logistics services. In 2013 these direct and indirect inputs other than wood, pulp and paper for recycling accounted for 47% of our total variable costs. When sourcing direct and indirect inputs, our responsibility requirements for suppliers cover environmental performance and management, business practices, and workers' human and labour rights including health and safety issues, wages and working hours. Our improvement work also emphasises ethical business practices. Depending on the purchase category, geographical location and purchased volumes, Stora Enso obliges suppliers to have similar requirements and monitoring systems in place for their own suppliers.

For contractual purposes we have prepared a set of responsibility requirements for our suppliers. One of our main goals is to include these requirements in more than 90% of our purchase contracts, including both global Group-level and local unit-level contracts, by the end of 2016. In 2013 these requirements were included in 94% of our Group-level purchase contracts of direct and indirect inputs other than wood in terms of supplier spending. Our data gathering processes are still not fully in place when it comes to responsibility criteria in local unit-level contracts. Monitoring and follow-up focusing on our local unit-level contracts was initiated during 2013, and we aim to step up these processes during 2014. Our internal auditing process also helps to ensure that our sustainability requirements are integrated into unit-level contracts.

Training of purchasing personnel

We train our purchasing personnel on supply chain responsibility issues on a one-to-one basis, through group training sessions, and with the help of an e-learning tool. Such training targets Group-level and unit-level purchasers in all purchasing categories. For details of our specific approach to wood procurement and training see pages 47-53.

To increase awareness of environmental and social responsibility and other ethical issues among our purchasing personnel we have been devising a new e-learning tool during 2013, and group training sessions were also further improved. We aim to introduce the new e-learning tool during 2014.

Supplier assessments

In 2013 we continued to evaluate and monitor our suppliers via self-assessments and supplier audits. All new suppliers need to perform self-assessments that include questions relating to human rights, ethical business practices, environmental performance, labour practices and occupational health and safety matters. A new IT-tool will be implemented during 2014 to help us to identify, categorise, assess and monitor our suppliers, and to address risks related to possible serious issues along our supply chain such as child labour, human trafficking, forced and compulsory labour, corruption and anti-trust violations. For more information about our approach to human rights see pages 45-46.

Our in-person audits conducted on suppliers' premises aim to ensure that our sustainability requirements and the conditions in our Supplier Code of Conduct are being duly met. We select suppliers to be audited considering the country where they are based, the nature of their operations, the information we receive from their self-assessments, and the reported impressions of purchasers who have visited them. Five suppliers were audited in this way during 2013. These suppliers provide us with external pulp, chemicals and indirect inputs for production. Assessments written up after each audit include lists of non-conformances, corrective action plans and specific schedules within which improvements should be completed. The implementation of these plans is followed up, and further audits will be performed if the corrective actions are not satisfactory.

During the period 2011-2013 onsite supplier audits of this kind were conducted to cover 63% by value of purchases from suppliers identified as high-risk. Our target is to maintain at least 75% coverage of such suppliers over 3 year audit cycles.

Observed non-conformances have particularly related to the handling of materials, the frequency of safety training, and the extension of responsible business practices to sub-suppliers. None of the non-conformances identified related to child labour, forced or bonded labour, restrictions of freedom of association, or dangerous work environments. We have reserved the right to terminate contracts with suppliers who do not meet our requirements or are found to be inadequately committed to fulfilling them. We aim to support all suppliers faced with problems that make it difficult for them to meet our sustainability requirements or the standards set in the Suppliers' Code of Conduct. During 2011 and 2012 we built up our internal auditing capacity and trained a pool of internal sustainability auditors. Depending on the type and location of the supplier, we use of a combination of internal sustainability auditors and/or external organisations to perform sustainability audits on suppliers' premises. We always strive to maintain a good spirit of co-operation with our suppliers.

Building up our suppliers' capacity

In addition to setting out clear requirements, training our own purchasing personnel and our suppliers, and monitoring suppliers through self-assessments and audits, our approach also involves enhancing our suppliers' awareness and commitment concerning responsible sourcing. Many of our smaller and more local suppliers can benefit from external initiatives designed to improve their capacity to address environmental issues, enhance their social responsibility and conduct ethical business practices. We believe that these measures will support our suppliers and at the same time help us to continuously improve the quality and competitiveness of our sourcing.

Paper for recycling

In 2013 Paper for Recycling (PfR) accounted for 28% (26% in 2012) of our total fibre use. We strive to source PfR as close as possible to our mills in order to minimise transportation distances and related costs and environmental impacts.

Stora Enso used 2.7 million tonnes of Paper for Recycling (PfR) in 2013. This makes us one of the largest single PfR consumers within the European market, where a total of 57 million tonnes of PfR was recovered in 2013.

Our Printing and Reading Business Area and Renewable Packaging Division define strategies and actions and coordinate their mills' sourcing of PfR.

Eleven of Stora Enso's mills currently use PfR as raw material. Recycled newspapers and magazines are used at Langerbrugge (where they account for 100% of sourced fibre), Sachsen (100%), Maxau (50%), Hylte (50%) and Dawang (100%). Recovered packaging paper is used at Ostrołęka (80%), Barcelona (100%), Soustre (100%), Pori (100%), Heinola (partly) and Wisconsin Rapids (100%). These mills are mainly located in densely populated areas where high paper recovery rates are possible.

Utilising local sources

Through contracts with local authorities and communities we secure volumes of paper from household collection to be sorted and used as a valuable raw material at our mills. This paper is then transported by truck for short distances to sorting plants that are mainly located on our mill sites. After sorting, non-pulpable material is also utilised in our mills own power plants to generate energy.

In January 2013 Stora Enso started up a new containerboard machine at Ostrołęka Mill, Poland, which exclusively uses PfR. About half of this raw material comes from our own network of 20 depots around Poland.

In Spain we largely use used recycled beverage cartons as raw material for board production at our Barcelona Mill. Beverage cartons are made of fibre, plastic and aluminium. The mill is able to reuse all of these materials, achieving its target of zero waste. The plastic is incinerated to generate energy, aluminium is recovered as bricks and sold to aluminium companies, and the fibres are used for board production. During 2013 the mill welcomed many visitors interested in our processes, and our representatives gave a number of lectures at universities in Spain and abroad to promote this practice.

China's demand for imported PfR is growing steadily as new paper machines are built around the country. Around 14% of the used paper collected in Europe in 2013 ended up in China. There is a risk that this demand could lead to shortages of recycled raw material for our European mills.

With the help of our own political lobbying in Belgium and lobbying in cooperation with the National Paper Association in Spain we have encouraged local authorities to increasingly prioritise efforts to ensure a local supply of PfR for economic and environmental reasons.

Reducing transportation distances

In 2013 our Maxau Mill in Germany built new raw material storage facilities right on the mill site to replace facilities located 30 kilometres from the mill. At Langerbrugge Mill in Belgium a new sorting line is currently under construction on the mill site to replace facilities located 80 kilometres away. Both of these investments will reduce the costs and environmental impacts of the transportation of recovered paper. As a part of our optimisation of PfR transportation we also strive to use return freight capacity wherever possible, with the same trucks taking paper products out of mills and bringing PfR in.

High collection rate in Europe

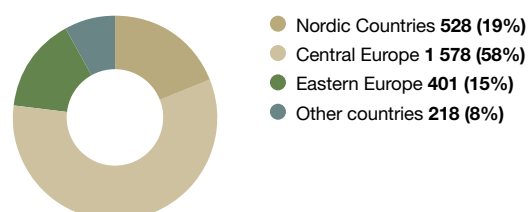
Europe's PfR collection rate has been high for many years, and in 2013 it rose to a record high level of 72%. This is a remarkable achievement, especially since the European Recovered Paper Council (ERPC) estimates that 22% of all produced paper is of grades that cannot be recycled, such as tissue paper. The rate of 72% is already two percentage points higher than the target set by ERPC for 2015. This nevertheless means that 6% more paper could still be recovered, and Stora Enso is actively collaborating with local authorities and communities to find ways to further increase the recycling rate.

Working with suppliers

In 2013 Stora Enso's PfR Management Team and PfR purchasers received training on our sustainability requirements. We also publicised our sustainability requirements among our PfR suppliers and analysed their sustainability performance. Based on the results of these analyses certain suppliers will be selected for onsite audits during 2014.

Paper for recycling: procurement by region

million tonnes



Community impacts

Our operations have wide-ranging impacts on different groups of stakeholders locally, regionally and globally. In addition to minimising any adverse impacts that our activities may have, we also aim to enrich economic and social conditions in the communities where we operate.

Our mills are often located in communities where they are major employers, tax-payers and partners for local entrepreneurs. Our mills, which are mainly located in Europe, consume large amounts of energy and raw materials, and generate emissions and wastes. Our tree plantations in China, Brazil and Uruguay significantly affect local communities due to their impacts on local land use, livelihoods and landscape.

In response to such issues, all of our operations have implemented precautionary actions to minimise any adverse impacts they may have on the local environment and local communities. For instance, all our pulp, paper and board mills have certified environmental management systems in place.

We recognise the need to create shared value in the communities where we operate. By creating shared value we aim to increase Stora Enso's competitiveness, while at the same time promoting improvements on economic, environmental, ethical, and social issues along our value chain.

In Finland and Sweden, where our presence is particularly significant, we operate as part of a vibrant regional forest cluster. Procuring wood as raw material for our mills also creates value for everyone within such clusters, including forest owners, wood supply intermediaries, local entrepreneurs, and logistics

Transparency on tax payments

Stora Enso pays taxes in full compliance with all applicable local, national and international laws and regulations. In addition to corporate income taxes we also pay other kinds of taxes such as property and energy taxes. Taxes collected by Stora Enso include value added taxes (VAT) and payroll taxes.

The table on page 23 shows our corporate income taxes as paid to local authorities (on a cash basis). In the graph below, our corporate income taxes are broken down by region reflecting our long-term profitability and taxation in these regions.

Pensions and social security fees are included in the employee wages and benefits paid by Stora Enso, which are presented on page 23 and broken down by region on page 24. For more information see note 6 in our Financial Report: www.storaenso.com/annualreports.

Stora Enso's approach to tax planning

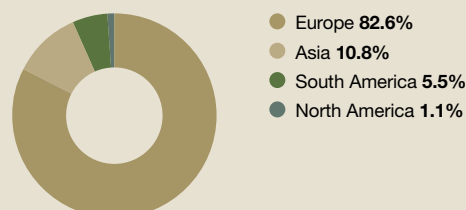
Stora Enso's approach is to conduct non-aggressive tax planning. This may involve taking advantage of tax incentives granted by governments on reasonable grounds where Stora Enso's business operations are in alignment with the goals of the incentive scheme.

Stora Enso has operations in following locations that offer favorable tax treatments:

- Our joint venture Montes del Plata will start running a pulp mill in a Special Economic Zone in Uruguay in 2014.

- Pulp from our joint venture Veracel in Brazil is traded via a pulp sourcing and marketing company based in Amsterdam.
- Stora Enso owns 51% of a holding company in the British Virgin Islands. This holding company came into the Group's ownership structure with the acquisition of the Inpac International packaging company in July 2011. The holding company does not practice any operating or financing activities, and Stora Enso does not make any tax savings by owning this company.
- Stora Enso holds two companies in Luxembourg and a company in United Arab Emirates. None of these companies is used for tax planning purposes.

Corporate income taxes by region



providers. In Continental Europe, where paper for recycling is an important raw material for our mills, we strive to create value together with recycled paper suppliers, the public sector and non-governmental organisations who promote recycling. We promote the local wood supply and the recycling of paper to minimise impacts related to transportation.

Our joint ventures in Bahia, Brazil and Uruguay, and our operations in Guangxi, southern China, are a major part of emerging local industrial clusters around our mills and tree plantations. Our investments in capacity building and local sourcing, local nature conservation, agro-forestry programmes, and income generation projects in local communities all provide examples of ways we are supporting cluster development and shared value creation in these regions.

The sourcing of raw materials, other goods and services forms a major part of the Group's economic value creation. Payments for wood are our largest single cost item. Our relationships with our local and global suppliers and responsibility issues along our supply chain are key topics in our Global Responsibility Strategy. More information about our approach to responsible sourcing is presented on pages 19-20.

Responsible restructuring

During 2013 we continued to implement a restructuring process which has largely been driven by the decline in global paper markets. Local communities in our traditional areas of operations have suffered due to the closures of production lines or entire production units. Discontinuing operations creates problems not only for our employees, but for the affected communities as a whole. We proactively assist such communities to deal with regional structural changes and help to find alternative livelihoods for the people affected. Stora Enso also works to minimise the environmental impacts of closures.

Establishing new operations

Whenever we establish operations in new areas, it is vital that we understand the consequent environmental and social impacts on local communities. We conduct Environmental and Social Impact Assessments (ESIA) for all new projects that could cause significant adverse impacts or other substantial changes in local conditions. Such projects include all greenfield pulp, paper or board mills, large greenfield sawmills, industrial-scale plantation projects, and any large-scale expansions of existing facilities.

Stora Enso has developed common guidelines for conducting ESIA's as an integral part of the Group's Investment Guidelines. One important element of any ESIA involves establishing dialogue with local residents, members of local organisations, expert researchers and other stakeholders through interviews, meetings, workshops and public hearings.

The results of ESIA's give Stora Enso valuable information on how local communities will be affected by changes in their socio-economic structure, impacts on cultural heritage, and developments in community health, safety and security.

Stora Enso's acquisitions and joint venture agreements always include due diligence assessments. Conducted prior to the investment decision, these assessments cover all relevant factors related to environmental, social and business practice issues. They also typically strive to build up our in-depth understanding of the local operating environment, including possible future relationships with stakeholders such as governments, business partners and local communities. Any subsequent investment decision made in accordance with our code of conduct and other policies duly takes into account our ability to mitigate and manage any identified adverse impacts.

Economic value for Stora Enso's stakeholders (EUR million)

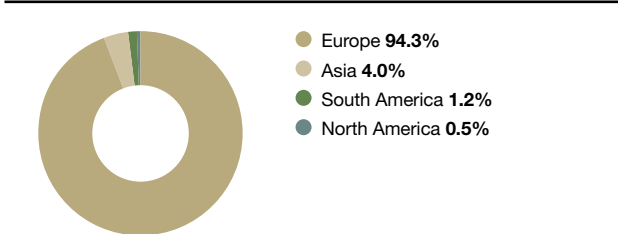
Stakeholders	Economic value	2013	2012	2011
Customers	Sales	10 544	10 815	10 965
Suppliers	Payments to suppliers	-7 612	-7 982	-7 991
	Capital expenditure ¹	-424	-561	-410
Added economic value		2 508	2 273	2 565
Distribution of added economic value				
Employees	Wages and benefits	1 368	1 349 ²	1 394
Shareholders	Dividends ¹	237	237	197
Creditors	Interest	217	192	146
Public sector	Corporate income taxes ¹	43	104	129
Communities	Donations and sponsoring	2	2	1
Reinvested in the Group		641	389	697

¹ As paid to stakeholders (Cashflow statement).

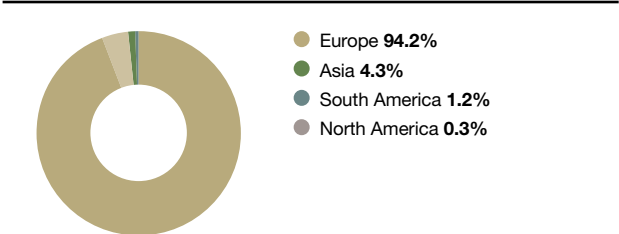
² Restated, EUR -12 million.

Geographical breakdown of sales, purchases and personnel expenses in 2013

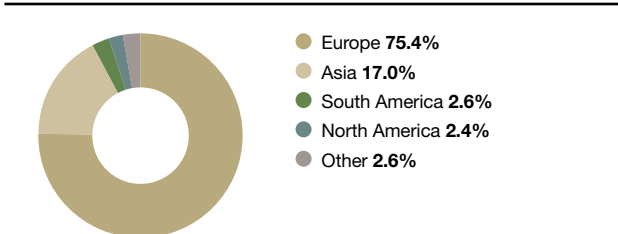
Sales by origin



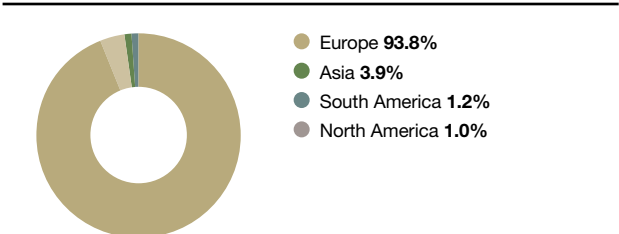
Purchases by region



Sales by destination



Personnel expenses by region



Building up our business in Asia

Asia and particularly China are among the most important markets for strategic investments for Stora Enso and the Group's Renewable Packaging Division. The region is also given a special focus in the implementation of Stora Enso's Global Responsibility Strategy.

Stora Enso's operations in China include: two mills in Suzhou and Dawang producing fine paper and magazine paper; Corenso's core plants in Hangzhou and Foshan; Stora Enso Inpac's three packaging units in Qian'an, Dongguan and Jiashan; and a major industrial project in Guangxi with associated eucalyptus tree plantations.

Elsewhere in Asia Stora Enso has a packaging mill in Chennai, India, a packaging joint venture in Pakistan, and a small-scale tree plantation operation in Laos.

The most significant responsibility challenges for Stora Enso in China are related to our ongoing investments in Guangxi, which have been the focus of considerable interest among our stakeholders during 2013.

Stora Enso in Guangxi

Forestry is one of the major industrial sectors in Guangxi province in southern China. Some 13.6 million hectares of Guangxi's total land area is classified as forest land, of which 7.8 million hectares is set aside for commercial forests. The forestry development plans for Guangxi province have for many years been linked to the expansion targets for China's pulp, paper and wood processing industries.

Stora Enso leases a total of 90 286 hectares of land in various regions in Guangxi. Eucalyptus trees are grown on 73 034 hectares of this land. These plantations have been established to provide pulpwood for an industrial facility that Stora Enso is constructing in the municipality of Beihai. In March 2012 Stora Enso announced plans to invest together with a local partner in an integrated pulp and paperboard production facility to respond to the growing consumer demand for hygienic and high quality consumer board. Initially, we and our local partner aimed to construct an integrated pulp and consumer board mill in a single phase. However, in July 2013 Stora Enso announced that the project would be implemented in two phases. Stora Enso has revised the related investment schedule, the first phase of which now involves the construction of a consumer board machine scheduled to become operational in the beginning of 2016. The construction of the previously planned pulp mill will then be started after the board machine has been completed. The capital expenditure for the first phase of the project is estimated to be approximately EUR 760 million, comprising EUR 590 million for the industrial facilities and EUR 170 million for plantation operations.

Stora Enso sees responsible operations as a prerequisite for the success of these investments. Stora Enso is making a long-term investment in Guangxi with the ultimate aim to help create an advanced forest industry cluster in the region. The raw material supply, human capital and other vital criteria for success are dependent on how Stora Enso is accepted in local communities and the extent to which our operations are perceived as legitimate.

Stora Enso's Global Responsibility Strategy and Key Performance Indicators set out a framework for our responsibility agenda in Guangxi. Our Guangxi organisation includes a strong responsibility team working with forestry operations, social responsibility issues and future industrial operations, as well as field staff and social engagement officers responsible for engaging with the local communities.

Responsible plantation forestry

The 90 286 hectares presently leased by Stora Enso are certified according to FSC^{®1} Forest Management, and 85 254 hectares are also certified by the Chinese Forest Certification Council (CFCC). These certificates verify that our plantations operations meet recognised standards for sustainable plantation management.



In Guangxi Stora Enso uses the FSC Forest Management and CFCC (Chinese Forest Certification Council) schemes to verify that our plantations meet recognised standards for sustainable plantation management.

¹ Stora Enso Global Communications' FSC[®] trademark license number is FSC-N001919.

We constantly monitor the impacts of our plantation operations on local biodiversity and water levels. In 2013 we continued to cooperate with Guangxi University on a water and soil monitoring programme launched in 2011.

Stora Enso is also cooperating with Fauna and Flora International (FFI) on biodiversity monitoring in the tree plantations. FFI are examining impacts on vegetation, insects, bird species diversity and bird population numbers over a seven-year monitoring period. For more information on our sustainable forestry and plantation management procedures see pages 47-53.

Engaging with local communities

Stora Enso focuses on local stakeholder engagement as part of our everyday field operations. Our field staff and social engagement officers talk regularly with local villagers, informing them about Stora Enso's operations, and asking them about their concerns or for their suggestions. Stora Enso's officers have been trained to distribute information about our grievance channels in local villages, and to duly process any grievances even in cases where a village is not in any kind of contractual relationship with the company.

During 2013 we stepped up all these efforts, and also initiated new actions including participation in market days and the distribution of informative banderoles in villages. In spite of all these measures, however, the information we wish to spread has still not effectively reached all villages. One of our priorities for 2014 in Guangxi is to further improve and publicise our grievance mechanism.

Stora Enso made a special effort to promote gender inclusivity in our village engagement work during 2013, when we hired three female social sustainability specialists. We aim to further enhance our social engagement work in 2014, with an emphasis on learning about the concerns of more vulnerable and less vocal villagers.



Stora Enso's field staff meet villagers from Dalu, near Xingdaohou, who rented out some of their collective lands to Stora Enso.

We have also continued to support local villages through our Community Development Fund. Most of the RMB 2.1 million (EUR 252 500) of funding allocated during 2013 was directed to infrastructure development including road repairs and the construction of sanitation systems and other public facilities. Financial support was also given to schools and culture activities. In 2014 we will review the Community Development Fund process and look into opportunities for creating new livelihoods through the fund.

Correction of land leasing contracts

Responsible land contracting has been a concern for Stora Enso and our local stakeholders in Guangxi for several years. Stora Enso has been leasing land in Guangxi since 2002. The lands consist of both state land and collectively owned social land. The area classified as social forestland, in total 32 990 hectares, is mainly leased from village collectives and households, though it also includes limited areas that belong to local state-owned farms. 22 864 hectares of the social land are located in Beihai municipality. All of these lands are leased by Stora Enso for different periods, with an average contract length of 23 years.

During the twelve years Stora Enso has been operating in Guangxi the local economy has been developing rapidly, and land values have increased. During this period the collectively owned lands have often been sub-leased, sometimes repeatedly, resulting in chains of sub-leases. In many cases the original owners of land use rights have not benefited from the increases in land rental prices. Another complicating factor results from the several changes in agricultural and forest land use rights that have occurred in China since the 1950s, which in many areas have led to confusion. Stora Enso supports the ongoing forestland reform process in Guangxi and has helped the government agencies concerned to implement land reform policies, for example by providing technical support, such as maps of land borders and copies of contracts.

Corrective work presently being done on land lease contracts stems from the discovery in 2009 of many irregularities in the complex chains of local land lease contracts. Stora Enso responded to these findings by starting an extensive legal screening and correction process covering all contracts for collectively owned lands. The company is currently involved in some 1 500 land lease contracts related to collectively owned lands, some of which were identified to have different levels of legal defects. By the end of 2013 Stora Enso had corrected 35% of the defective contracts.

Stora Enso also has a local team of 19 employees, most of whom are lawyers, working full-time on the correction of social land lease contracts with additional external legal assistance. Our contract correction process includes a desktop documentation review, field investigations, legal and operational risk analysis, stakeholder consultations, the collection of missing documentation, and the signing of new agreements or amendments directly with the villages or households concerned, or in some cases contract termination.

Each village from which Stora Enso is contracting land has been visited for the purposes of face-to-face interviews with villagers' representatives. Stora Enso has so far compiled around 2 800 written contract investigation reports describing initial legal screening and contract improvements and corrections. These reports contain summarised information about the villages concerned, dates of investigation, the people met and interviewed, the main findings, and proposals for improvement if risks have been identified in the original lease chain. At the initial contract screening visit in each village Stora Enso's representatives typically interview 7-8 people, including village leaders and farmers. The information collected from these interviews is duly documented.

Stora Enso is also working to reduce the numbers of intermediaries in land lease chains and to instead negotiate land lease contracts directly with villagers. In cases of irreconcilable conflicts, we are prepared to return the land.

Creating shared value

Together with the international non-profit consulting firm FSG, Stora Enso is exploring opportunities to create shared value in the long term through our operations in Guangxi. For Stora Enso, creating shared value is about improving our competitiveness while simultaneously meeting the needs of local communities. FSG is currently mapping out environmental and social issues in Guangxi where Stora Enso may be able to promote favourable developments.

Our overall vision for Guangxi is for the region to become a leading example for sustainable forestry globally. FSG is helping Stora Enso to realise this vision and to do what it takes to create a robust forestry, pulp and paperboard industry cluster. By the end of 2013 several opportunities for shared value creation in relation to potential social outcomes were identified

and prioritised. These opportunities relate to issues including forestry supplier development, forestry workforce development, industry service and maintenance suppliers, and the utilisation of non-fossil fuels for energy generation.

Water stewardship in Guangxi

In December Stora Enso announced the launch of a joint project with the global water chemistry company Kemira to promote responsible water management and community engagement in Guangxi. This project aims to find new solutions for responsible water management through stakeholder surveys, community work and water-related capacity building. The project brings together Kemira's wide-ranging knowhow on the management of water quality and water resources, Stora Enso's expertise on tree plantation management, and local communities' practical knowledge and experiences related to water issues in Guangxi. The project will enhance local competence in water management and increase awareness of water issues among industries and communities in the Beihai region.

Stora Enso Guangxi in numbers

	31 Dec 2013
Employment	
Stora Enso employees	1 116
Total remuneration for Stora Enso employees (EUR million)	9.7
Contractor employees in forestry operations	1 000
Contractor employees in the mill construction	223 ¹
Social programmes	
Investment in social programmes (EUR million)	0.5
Number of beneficiary projects	204

¹ Average Jan-Dec 2013.

Trial tree plantations in Laos

Stora Enso has 2 200 hectares of trial plantations in Laos, of which 1 619 are planted with eucalyptus. In these plantations Stora Enso has continued developing a plantation concept that combines tree-growing with food production. In this agro-forestry model farmers cultivate crops, mainly rice, between the rows of trees. The area where the plantations are located was used by Viet Kong troops during the Vietnam War, and heavily bombed. This means that before establishing plantations Stora Enso must ensure that any remaining unexploded ordnance is cleared from large areas of land. This also helps local villagers by creating safe farming land.

The model devised for these plantations intentionally makes intensive use of manual labour in order to create local jobs and boost the local economy. In 2013 a training programme for local stakeholders was continued, and 11 local residents received forestry training before being hired on a permanent basis.

To establish open and fruitful stakeholder dialogue Stora Enso's technical staff make regular visits to nearby communities. The company also organises excursions for groups of farmers to establish a forum for discussing local developments and exchanging ideas and experiences in relation to the agro-forestry model. This has also enabled farmers to bring up their concerns directly with the company.

Stora Enso has also set up a village development fund to support local projects and improve local livelihoods. One project during 2013 has helped to improve the electricity supply to several villages. A pilot scholarship scheme was also continued to ensure that local children can go on to secondary school after completing their primary education.

During the project Stora Enso and Kemira will carry out a detailed study of water resources in the area around Stora Enso's operations. Challenges will be mapped out, and local concerns such as the impacts of tree plantations on water quality and groundwater levels will be duly addressed.

Based on the results of the study, Stora Enso and Kemira will work together with local villagers to provide training on water issues, and to examine possible employment opportunities related to water management. Pilot water management projects will be designed together with village representatives, and a water saving programme will be launched for the Beihai area together with local partners and stakeholders. The project started in December 2013 and will last until the end of 2015.

Building up industrial operations in Beihai

In 2013 significant progress in our industrial investment plans was made when Stora Enso received official approval for our integrated pulp and board project from China's National Development and Reform Commission (NDRC). Levelling work and other preparations for the mill construction activities were initiated in the Tieshangang Industrial Zone in Beihai.

The possible sustainability impacts of the industrial project have been identified in advance of the mill construction, in order to enable us to manage and mitigate them.

The mapped sustainability aspects include: the environmental impacts of the mill construction, e.g. dust and noise from construction work and traffic; construction employees' working conditions, living conditions and social impacts; stakeholder relations with the local community and government representatives; and the business practices of contractors and partners. All these aspects are duly addressed in the environmental and social management plans for the mill construction, which are in

line with the applicable national standards, Stora Enso's sustainability requirements for suppliers, World Bank Environmental Health and Safety Guidelines, International Finance Corporation Performance Standards, and the recommendations made in the related environmental and social impact assessment conducted by the United Nations Development Programme.

Most of the impact mitigation actions will become material for the project in 2014 when the mill construction begins in earnest. In 2013 the most significant challenge has been relations with the neighbouring community and other local people affected by the industrial project.

The Tieshangang Industrial Zone has been established by the local authorities in an area previously used by village communities. Stora Enso's mill site is one of some 50 different production sites in the industrial zone. As a result of industrialisation more than 60 000 people have been relocated from the area to nearby locations, with the authorities offering the relocated communities new housing and compensation. The number of *Relocated People* displaced from Stora Enso's mill site is 1 236. Including people relocated from adjoining areas acquired by the authorities for road-building, this number rises to 1 530 *relocated people*.

In addition to the *Relocated People*, Stora Enso is supporting and monitoring the well-being of 2 332 *Affected People*. This group includes people who have lost part of their land and are left with less than 0.3 mus of land (0.02 hectares).

Stora Enso has also calculated a wider figure for *Impacted People*. In addition to the *Relocated People* and otherwise *Affected People*, the figure for *Impacted People* also includes people who have lost part of their land but still possess more than 0.3 mus of land. The total number of *Impacted People* is 7 670.

Even though Stora Enso is not directly involved in the relocation process, we have maintained a continuous dialogue with all the *Impacted People* and provided support for the *Affected People* through a Relocation Action Plan that aims to help them improve their livelihoods. This plan has been implemented together with a local non-governmental organisation and the authorities.

Caring for our staff

During 2013 Stora Enso's Guangxi organisation focused strongly on training. Training programmes run in 2013 included comprehensive training for newly recruited employees, leadership training for managers, and Code of Conduct training sessions. In 2013 Stora Enso recruited about 120 students from Chinese universities to train them to work in the future mill in Beihai and establish a career at Stora Enso. These students are currently on a global two-year training programme, which will include visits to mills in Europe.

Stora Enso strives to pay competitive wages to all employees in Guangxi. We work to ensure that all of our own staff and our contractors' employees are paid wages above the stipulated minimum levels. Salary levels are therefore regularly benchmarked. Due to the region's rapid economic development



Southern Guangxi has a humid sub-tropical climate with abundant rainfall, but the availability of clean water is still a crucial issue for local villagers.

and the competitive local labour market salaries are generally increasing substantially over time.

We are also putting extra effort into making the management team local. Succession plans have been drawn up for all expatriates recruited for the project. For more information about Stora Enso's Human Resources work in growth markets see pages 39-40.

Safety management at Stora Enso Guangxi is based on international standards and Stora Enso's global health and safety policies. Local forestry operations have been certified to the OHSAS18001 standard since 2011. The safety management system for the mill construction is based on the OHSAS standard, and the future mill operations will be similarly certified within two years of the commencement of commercial operations. Stora Enso's safety toolbox is also being utilised throughout the organisation.

The Total Recordable Incident rate for employees of Stora Enso Guangxi's forestry operations was relatively low (7.5 per million hours worked in 2013) compared to Stora Enso averages. The attendance rate among our forestry operations' employees in 2013 was 99.7%. The majority of the recorded safety incidents related to traffic. Drivers and staff who drive company cars are regularly trained in safe driving techniques. During 2013 such training was provided for 318 people.

The key focus of our health and safety management work at Stora Enso Guangxi is on contractor management. Most of the manual work in plantations and on the mill construction site is done by contracted labour, so most of the related health and safety risks involve our contractors. All contracts with contractors include Stora Enso's safety requirements. We provide safety induction sessions for all contracted labour, both in the plantation operations and on the mill construction site. We also provide contractors' employees with safety training and suitable personal protective equipment in cases when the contractor is unable to do so. At this stage, however, safety awareness among contractors and their employees is still at a relatively low level, and considerable work still needs to be done to reach safety levels that will be satisfactory to Stora Enso.

The contractor management work done by Stora Enso field staff was also strengthened in 2013 by introducing lead indicators that measure the safety actions taken in the field, instead of just measuring incident rates. These indicators include the numbers of safety observations made by field staff, and the numbers of field inspections and corrective actions conducted on a weekly basis.

Stora Enso works with medical services specialists International SOS in Guangxi to provide high quality medical treatment service for all staff, and to improve our understanding of the wider health impacts the project can have on local communities. Two clinics have been established in Beihai: one in the city, and one at the mill construction site. A doctor also regularly visits the plantations to provide services for forestry field staff. International SOS has also produced a Health Impact Assessment outlining the key health risks related to the project, and recommending mitigation actions.

Other stakeholder engagement actions

A stakeholder seminar was held in Guangxi in December 2013 to discuss responsible eucalyptus forestry. Participants included local NGOs, local opinion leaders, local journalists and national NGOs and organisations including WWF China, Fauna and Flora International China, Nature University, FSC China, Rainforest Alliance and PEFC China. The speakers included representatives from the Guangxi Forestry Research Institute, China Eucalyptus Research Center and Chinese Academy of Forestry.

Stora Enso Inpac in China and India

Stora Enso Inpac's units in China and in Chennai, India, became Stora Enso subsidiaries in July 2011 when Stora Enso acquired a majority ownership share in Inpac International.

Stora Enso Inpac China's units are located in Qian'an, Dongguan and Jiashan. Production at Jiashan commenced in 2013, with the focus on consumer packaging products for high-end customers in the telecom, consumer electronics, foodstuff, pharmaceutical, healthcare, and beauty care industries.

Chennai Mill was established in 2005 to produce consumer packaging and transport packaging.

We have been purposefully improving our Inpac units' sustainability performance since 2011 on the basis of the findings of a pre-investment due diligence process performed by Stora Enso.

Important actions taken since 2011 include: training provided for all employees on Stora Enso's Code of Conduct, Business Practice Policy and safety procedures; the inclusion of all employees in collective bargaining agreements; the implementation of environmental management systems; and improvements in staff facilities and working conditions.

Enhancing responsibility work at Chennai Mill

During 2013 Chennai Mill's sustainability performance showed further considerable improvements including: a significant reduction in lost-time accident rate from 31 in 2012 to zero in 2013; increases in wages to levels well above statutory minimums; and reductions in the proportion of contracted employees from 37% to about 2%.

The Finnish and Swedish non-governmental organisations Finnwatch and Swedwatch conducted a study of Chennai Mill's sustainability during spring 2013 in cooperation with Stora Enso, and the NGOs published a report based on their findings in September 2013. The report focuses on the mill's working conditions, occupational health and safety issues, human and labour rights, salary practices and diversity issues. For more information on our response to this report see page 15.

Stora Enso initiated various actions based on the NGOs' findings, including improvements in ventilation at the mill, the monitoring of noise levels, and internal communications on safety. The mill has also taken action to support more vulnerable employees and prospective employees by empowering female employees, by actively looking for female recruits, and by promoting women's education locally.

Chennai Mill has identified specific development areas and priorities for 2014, including improvements in safety culture and the provision of enhanced safety training.

New packaging joint venture in Pakistan

In May 2013 Stora Enso signed an agreement with the Pakistani firm Packages Limited to establish the joint venture Bulleh Shah Packaging (Private) Limited. Stora Enso initially has a 35% shareholding in the joint venture. Bulleh Shah has two mills in Karachi and Kasur, which use recycled paper, recycled board and locally sourced wheat straw to produce packaging board for the fast-growing Pakistani market. The joint venture has a total of 970 employees. Bulleh Shah Packaging is the first specialised paper, board and corrugated producer in Pakistan, and the only liquid packaging board producer in the national market.

Global responsibility issues are seen as a critical success factor for the company, which serves several global brand owners in Pakistan. Prior to completing the joint venture agreement, Stora Enso carried out a sustainability due diligence process looking into all sustainability aspects of the investment, assessing risks, and agreeing on a sustainability action plan together with Bulleh Shah. The main sustainability challenges identified in the due diligence were human rights risks in the initial links of the supply chain, particularly concerning children working with their families collecting wheat straw or recovered paper and board. Potential risks were also identified in relation to ethical business practices in the operating environment and environmental management issues.

In order to effectively address these due diligence findings and help the joint venture excel in its vital responsibility work, the company established in 2013 a Global Responsibility organisation with a Head of Global Responsibility and sub-departments addressing Responsible Business Practices, Environment, Health and Safety, Responsible Supply Chains, and Responsible Stakeholder Involvement. Global Responsibility is integrated into the management of all operations at Bulleh Shah.

The Global Responsibility organisation sets sustainability targets and action plans to be implemented within Bulleh Shah under the supervision of the Heads of the Business Units. Responsibility issues are regularly discussed by Bulleh Shah's Management Team. The joint venture's global responsibility targets and performance are additionally closely monitored by the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Bulleh Shah became a member of the United Nations Global Compact in 2013, and signed up to the initiative's ten key principles.

Significant sustainability actions realised at Bulleh Shah since May 2013 have included extensive internal audits covering occupational health and safety, working conditions and human rights. Bulleh Shah has established its own Code of Conduct in line with Stora Enso's Code of Conduct. By the end of 2013 all of the company's staff had received Code of Conduct awareness training. A suitable grievance mechanism is already in place.

rethink.

Have a safe day!

Chennai Mill in southern India became a Stora Enso subsidiary in 2011. Since then a concerted effort has been made to train the factory's personnel on Stora Enso's approach to Occupational Health and Safety (OHS), because of clear weaknesses that were found. External monitoring agencies have also closely examined progress on OHS issues. Read more about how our Chennai Mill is enhancing its safety culture in our Rethink 2013 magazine.

RETHINK 2013:

WWW.STORAENSO.COM/ANNUALREPORTS



During 2013 the company also launched an extensive research programme to map out different aspects of its supply chains. This involves interviewing suppliers, formalising supplier agreements, informing and training suppliers on human rights and responsibility issues, and conducting studies designed to improve our understanding of the realities and causal factors behind possible human rights violations in the various cultural and social contexts of Pakistani society.

Bulleh Shah is committed to take a long-term strategic perspective in supply chain management in order to effectively address human rights risks along supply chains, which have different root causes and require different remedies. The company will focus on community work in order to ensure, for example, that the children of families working in our supply chains receive suitable education. The ultimate goal of Bulleh Shah is not only to manage our own supply chains, but to bring about wider societal change together with our stakeholders.

rethink.

A passion for responsible business

“Each part of the organisation and every element should live responsibly,” says Ambreen Waheed, Global Responsibility Director at Stora Enso’s joint venture company Bulleh Shah Packaging Limited in Pakistan. “People have great ideas – from the grass-roots level right to the very top. You just need to work with them.” To read more about Ambreen Waheed and our Global Responsibility work in Pakistan see our Rethink 2013 magazine.

RETHINK 2013:
WWW.STORAENSO.COM/ANNUALREPORTS



Social responsibility in South America

Competitive pulp production based on commercial-scale eucalyptus plantations in Brazil and Uruguay forms one of the cornerstones of the Group's strategy. Our joint ventures in both countries put a special emphasis on social responsibility and creating shared value with local communities.

Stora Enso's operations in Latin America include: the joint ventures Veracel in Bahía, Brazil and Montes del Plata in Uruguay, together with their associated eucalyptus plantations; the Arapoti paper mill in Paraná state in Brazil; additional eucalyptus plantations in Rio Grande do Sul, Brazil; and our sales office and Biomaterials divisional head office in São Paulo.

Environmental and operational aspects of these tree plantations are covered in this report's Forests and Land Use section on pages 47-53. This section will examine social aspects.

Our joint ventures in Latin America and our plantations in Rio Grande do Sul form part of Stora Enso's Biomaterials Division. Arapoti Mill comes under our Printing and Living Division. Veracel is a 50/50 joint venture with the Brazilian company Fibria, and Montes del Plata is a similarly structured joint venture with the Chilean company Arauco. Both of these joint ventures are governed by boards of directors where each partner is equally represented. These boards oversee management and make all important operational decisions, including decisions on issues related to sustainability. The sustainability approaches of both of these joint ventures are in line with Stora Enso's Global Responsibility approach.

We are aware that different stakeholders may have potentially conflicting land use interests due to local history and traditional practices. Our engagement with local stakeholders is based on shared planning, clearly defined models for cooperation, and mutual learning and development.

Veracel, Brazil

Major stakeholder concerns in Brazil relate to land ownership and land use, landless and indigenous people's rights, the water use of plantations, and local social and development issues related to poverty. Our aim is to be an active member of local communities and help to address these challenges.

The joint venture company Veracel runs a state-of-the-art pulp mill and eucalyptus plantations in southern Bahia. Veracel's large-scale land ownership and the consequent elevation of land prices have been a major concern among some stakeholders. Veracel engages actively with all local stakeholders and strives to be an active member of the local community.

Veracel's own externally verified GRI sustainability report can be downloaded at www.veracel.com.br.

Contributing to local agricultural development

In 2012 Veracel launched a major initiative with the state government, called the Pact for the Development of the Discovery Coast. Through this agreement the government will return to Veracel ICMS tax credits paid by the company between 2011 and 2015, in return for a commitment by Veracel to invest in local development programmes. With total investments of USD 9 million by 2015, this pact will benefit small-scale farmers in several local communities. During 2013 six projects were

Veracel in numbers

	2013	2012
Employment		
Employees	700	705
Permanent partners' employees	2 556	2 652
Remuneration, own employees (million EUR)¹	15.0	19.3
Tax payments (million EUR)^{1 2}	27.0	30.9
Local sourcing, total (million EUR)¹		
- Sourcing in ten local municipalities	86.2	255.8
- Sourcing in the State of Bahia	130.7	310.9
Agroforestry activities		
Partner farmers in the Forest Producer Programme	90	102
Partner farmers with certified tree plantations	51	39
Honey producers on the company's land	100	108
Roads in the operational area		
Km of road constructed during the year	326.7	330
Total investment in roads during the year (million EUR) ¹	6.0	7.2

¹ Converted from Brazilian Reais using the year-end exchange rate EUR/BRL.

² Including federal, state and municipal taxes and pension and social security payments.

started, of which four have already been completed. These projects include associations set up for small-scale producers and indigenous farmers.

Veracel partners with local farmers when procuring wood for the pulp mill, and has continued to pioneer the concept of group forest certification in southern Bahia. Partner farmers enjoy concrete benefits from the forest certification process, since it streamlines farm management, enhances working conditions, and facilitates the establishment of conservation areas. By the end of 2013 FSC and CERFLOR (PEFC) forest certification had been obtained by 51 farmers. For more details of how Stora Enso promotes forest certification see pages 49-50.

Veracel also enables local beekeepers to keep their beehives on the company's land. In 2013 a total of 100 honey producers participated in this scheme.

Addressing social issues

Veracel makes social investments designed to promote local development, including income generation programmes and assistance to people in need. These investments are planned and executed in cooperation with the public sector, with non-governmental organisations (NGOs), and most importantly with the local communities who receive the support themselves.

In 2013 Veracel started cooperation with the NGO Instituto Mãe Terra to provide training for 46 selected young people from communities near Veracel's forestry operations. This project aims to empower these youngsters to act as agents for local development and form networks that will enable them to gain support.

In 2012 Stora Enso concluded an agreement with the NGO Childhood to combat child abuse and exploitation in municipalities near Veracel area. Problems related to tourism significantly affect Porto Seguro and Santa Cruz Cabralia, while problems in Eunapolis are more related to poverty in general. In March 2013 the project kicked off with a seminar enabling key local actors to align their views and strengthen networks to help prevent sexual violence against children and adolescents. During 2013 six training courses were run to boost the capacities of the local authorities, teachers and others to recognise and address such issues. Together with Childhood and other local NGOs Veracel also organised a seminar during 2013 to discuss this topic with the local media and encourage them to protect victims and respect their rights. The positive results of this project are reflected in strong commitment among local municipalities.

Dialogue with landless people's social movements

During 2013 Veracel continued to engage in dialogues with the state government and the representatives of the six social landless movements: the Movement of Landless Workers (MST), the Federation of Agricultural Workers (Fetag), the Movement for the Struggle for Land (MLT), the Front of Free Workers, the Peasant Resistance Movement (MRC) and the Association of Unidos Venceremos (Aprunve). This process is facilitated by the Government of the State of Bahia, through the Secretariat of Institutional Relations (SERIN).



Anna De Geer (left) and Gabrielle Iselius from World Childhood Foundation visited Veracel and nearby communities in November.

Through this dialogue the social movements have pledged to leave areas their members had occupied since July 2011, while Veracel will not seek to repossess areas occupied before this date. This proposal will result in a project coordinated by an institution of education and research, aiming to provide technical support and management for the implementation of sustainable settlements that can provide income for the settlers' families.

In August 2013 Veracel informed the National Institute of Colonization and Agrarian Reform (INCRA) about the areas that would form the sustainable settlement. INCRA initiated an inspection of these areas and related land transfers in 2013. This inspection is expected to be finalised during 2014. Through cooperation with the Agricultural College of the University of São Paulo (Esalq), also initiated in 2013, Veracel has started to conduct an assessment of the areas and regional markets, aiming to help resettled families adopt viable and sustainable forms of family farming. This resettlement is planned to cover areas totalling 16 500

Arapoti Mill

Arapoti Mill in the state of Paraná produces magazine paper, mainly for domestic markets in Brazil. In 2009 the mill launched a literacy campaign "Sei Ler" in cooperation with a major customer Editora Globo, aiming to distribute surplus magazines to schools to be used as learning materials supporting reading skills. This project continued during 2013. More than 1 000 teachers have been trained on how to use magazines in schools, and the project today reaches 24 500 students. In 2013 the project was expanded to the city of São Paulo, where magazines and training were provided to a pilot school with 500 pupils originating from poor neighbourhoods.



Veracel's Atlantic Rainforest Conservation Station hosted an exhibition spotlighting the importance of water conservation.

hectares and benefit approximately 1 000 families. In terms of both the number of people assisted and its geographical scope this will be the most significant land reform project reported to the government of Bahia over the last 25 years.

Engaging with indigenous communities

Veracel is continuing to actively engage with the area's 17 indigenous Pataxó and Tupinambás communities and work closely with the NGO Tribo Jovens to improve the conditions of indigenous people. This cooperation programme has been fostering social, economic and environmental development since 2006. Tribo Jovens is also involved in the Childhood project and initiatives related to the Discovery Coast Pact.

Other stakeholder engagements During 2013 Veracel conducted an active dialogue with the Association of Aquaculture and a local fishermen's association concerning dredging near the terminal at Belmonte, the main harbour used by Veracel. The aim is to enable fishing to continue in coexistence with the transportation of pulp, by devising new dredging procedures that will have less impact on the marine environment.

Veracel's Atlantic Rainforest Conservation Station conducts scientific research, conserves native ecosystems and endangered species, and provides environmental education. To mark the UN's International Year of Water Cooperation 2013, the Veracel Station hosted an exhibition spotlighting the importance of water conservation.

Veracel offers several channels for its stakeholders to express their concerns and questions. Examples include a feedback channel on the company's website, a postal address, regular meetings with neighbouring communities, and postboxes in suitable locations. For more information see Veracel's own report at www.veracel.com.br.

Montes del Plata, Uruguay

Montes del Plata, a 50/50 joint venture between Stora Enso and the Chilean company Arauco, runs a state-of-the-art, eucalyptus pulp mill with an annual capacity of 1.3 million tonnes at Punta Pereira in southwestern Uruguay, together with associated eucalyptus plantations. The mill is expected to start production during the first months of 2014.

Montes del Plata's sustainability approach is based on the company's management policy and values, which are in line with Stora Enso's Global Responsibility approach, as well as international standards and principles including the UN Global Compact, which our joint venture signed in 2010.

Analysis of potential impacts

During 2013 Montes del Plata has been completing the construction of the mill and preparing to launch pulp production operations. The potential impacts of the construction project and the mill's future operations have been assessed in detail in the mill's economic and social impact analysis.

This study listed positive impacts such as employment and commercial development, as well as some negative impacts such as increased traffic, health risks, and social problems relating to the presence of a transitory population. The presence of temporary workers understandably created concerns among the local inhabitants, since there were more than 6 000 workers employed at the pulp mill site during the peak of construction, and the surrounding communities are quite small.

Montes del Plata in numbers

	2013	2012
Employment		
Montes del Plata employees	684	585
Contractors' employees	1 317	1 107
Construction workers at the mill site	3 436	5 603
Number of local suppliers¹	590	1 493
Agroforestry activities		
Partner farmers in Forest Producer Programme	166	149
Honey producers on the company's land	26	30
Cattle farmers on the company's land	188	239
Hectares of company land used for cattle grazing	117 610 ³	167 279
Roads, construction or maintenance		
Extension of Route 55 (km)	12	12
Smaller local roads near the mill site (km)	18	18
Forestry roads (km)	284	150
Total investment in roads during the year (EUR million) ²	15	1.4
Social programmes		
Investment in social programmes (EUR million) ²	0,4	0.6
Number of beneficiary projects	12	16

¹ Local suppliers in the Department of Colonia where Montes del Plata Mill is situated.

² Converted from USD using the year-end exchange rate EUR/USD.

³ This figure has decreased since company lands were sold on the local market during 2013.

Montes del Plata's approach and programmes are designed to leverage full advantage from the business's positive impacts, and to mitigate any negative impacts. The company is working closely with the local community, the authorities and various organisations.

Capacity building among the local workforce

The Montes del Plata project has a significant positive impact on the GDP of Uruguay as well as regional employment. Members of the local workforce are recruited as much as possible, and the aim is also to create opportunities for other local developments in communities near the mill.

During 2012 Montes del Plata recruited 26 young people aged 18-25 from neighbouring areas for the company's Young Talents programme, which will provide training enabling them to work in various parts of the company's operations. Montes del Plata also works with local suppliers, providing training to encourage them to form small enterprises, and runs a forum for local development initiatives involving many local stakeholders, NGOs and the authorities. During 2013 Montes del Plata also continued to work with the National Institute for Professional Training (INEFOP) in order to develop strategies for strengthening local enterprises.

In 2012 Montes del Plata recruited, selected and trained young people without any related experience to work in the company's harvesting operations, with priority given to youngsters from six nearby towns. These 400 recruits have subsequently been given officially approved training by the Institute of Road Safety (ISEV) on the safe operation of heavy vehicles.

Productive integration with local farmers

Montes del Plata is one of the biggest landowners in Uruguay. The Production Integration Programme (PIP) aims to enhance the efficiency of land use and the sharing of benefits with neighbouring farmers. The programme works in two main ways: by getting local farmers involved in the tree plantations to complement their main livelihood; and by enabling non-planted areas belonging to the company to be used by third parties. In order to increase its purchases from independent tree farmers without the need to acquire land, Montes del Plata helps local farmers to start growing eucalyptus in areas that are not suitable for other farming activities. Some 120 000 hectares of land are rented out to local farmers and honey, dairy and beef production cooperatives.

During 2013 Montes del Plata started working within the PIP to support existing programmes run by Juventud Agraria (the Movement for Agrarian Youth), aiming to train young farmers and enable them to stay in rural areas and earn decent income by giving them land for grazing. One example is the Ovine Programme through which young farmers get 10 to 20 calves as a kind of "bank loan" on which they will make repayments plus a total of 20% interest within five years. The movement also helps young farmers to deal with banks, the authorities and other parties.

Major concerns at the construction site

During 2013 safety measures at the construction site were further improved, resulting in fewer lost time accidents. However, four fatalities occurred related to the construction project in 2013. In January a contractor worker died after falling from a great height during installation work in the mill's evaporation plant, due to incorrect usage of the compulsory safety line. In July 2013 three contractor workers died in two separate fatal road accidents. These accidents took place while the contractors were returning from the construction site to their accommodation.

During 2013 strikes involving some or all of the construction workers at the site occurred on a total of 174 days adding up to more than 1.4 million person-hours lost. The main causes of these strikes were irregularities in the labour status of foreign companies' workers, either in relation to Uruguayan labour laws or collective agreements and safety issues. Towards the end of the year the situation improved, and most strikes were connected to national collective bargaining procedures.

Addressing the impacts of increasing traffic

One major stakeholder concern is the increase in heavy traffic both during the construction phase, and when deliveries of wood to the mill commence. Montes del Plata will transport 50% of the pulpwood coming to the mill by barge on the Uruguay River. Three of the four barges to be used were built in Uruguay, helping the local shipbuilding industry, and promoting river transport in general. This will reduce the risk of traffic accidents and benefit the environment by substantially reducing air emissions and fuel consumption.



Montes del Plata runs and supports programmes designed to help local farmers.



Stora Enso's priorities in Uruguay include ensuring traffic safety and mitigating the adverse impacts of wood deliveries to the mill.

During 2013 Montes del Plata and the local authorities completed the construction of the extension to Route 55 that will redirect heavy traffic away from the town of Conchillas. Montes del Plata also ran a detailed study of potential black spots along wood transportation routes, including more than 70 schools. The company also donated traffic signs, evaluated optimal routes, and organised traffic safety lessons for schools and other groups such as local taxi-drivers.

Montes del Plata also conducted traffic surveys around the potential black spots and established a communication system for effectively handling any complaints or concerns related to the company's trucks, which are clearly identified. A process designed to prevent or manage any conflicts between truck drivers and local communities has also been set up. In cooperation with a specialised NGO, Montes del Plata is also addressing issues that could arise in relation to the high numbers of truck drivers, including violence, prostitution, child abuse and sexually transmitted diseases.

During 2013 two fatalities occurred in connection with Montes del Plata's wood transportation. In July a contractor's truck became stuck in the mud on a public road, and one of the contractor workers who were helping the driver was fatally electrocuted as result of his vehicle touching a power line. In November one fatality occurred when a subcontractor's timber truck hit a pedestrian.

Traffic safety will remain a very high priority in 2014 with efforts stepped up further when the mill starts operating.

Large influxes of workers in small communities

During the entire construction period Montes del Plata has worked together with the authorities and many organisations to realise programmes designed to improve traffic safety, promote healthy living habits, and combat alcohol and drug abuse, domestic violence, prostitution and sexually transmitted diseases.

Special camps were built in the town of Carmelo and at the mill site to accommodate over 2 500 workers. Each camp had its own social workers, and free-time activities were organised for the workers. Some 150 houses were also built in the nearby town of Colonia. After construction work ends, these houses and camps will be donated to local communities who may use them for social housing or as summer camps for children. Special attention was also given to workers' de-mobilization, including the monitoring of legal compliance with contract and employment termination procedures, conducted jointly with an independent law firm. A survey was set up to assess how many workers return to their places of origin. Contractors must demonstrably provide transport to enable terminated workers to return to their homes. Possible irregular dwellings were also monitored together with the local authorities to quickly detect any cases of people staying in Colonia in irregular conditions.

Active dialogues

Montes del Plata maintains active dialogues with neighbouring communities. This is done with the help of face-to-face meetings, through the national and local media, and by utilising bulletin boards and personal contacts. The company produces a weekly TV programme which is aired on all local channels and also accessible online. The Local Development Forum and the Comisión de Seguimiento Ambiental (Commission of Environmental Follow-up), organised by the environmental authority Dinama, are the main forums for face-to-face meetings with the wider community.

Montes del Plata additionally has several well publicised channels in place to enable local communities to raise their concerns, ranging from phone numbers and web access to open house offices and postboxes in suitable locations. All contacts are registered in the company's Communications Registry System and tracked until their resolution. Response times have been reduced by 20% compared to 2012.

People and Ethics



In our People and Ethics Lead Area our focus is to conduct business in a socially responsible manner throughout our value chain. We set high ethical and professional standards throughout our global operations and fully respect and support the human rights and labour rights of all our employees and the communities around our operations. We are committed to ensure that our workplaces are healthy and safe, and we aim to make Stora Enso more than ever an employer of choice.

Our personnel

In 2013 we continued a restructuring process which has been mainly driven by a declining global paper market. We strive to reshape our organisation and help the people affected in a responsible way, honouring our Purpose and Values. During the year we also focused on implementing our People Strategy, primarily in the areas of leadership, workforce planning, employer branding and Occupational Health and Safety (OHS).

Our aim is to be proactive and involve key stakeholders as early as possible when there is a need for major organisational changes affecting our staff. Depending on the type of change, country legislation and union agreements, we normally inform employees and/or union representatives between two weeks and two months prior to planned changes.

Where redundancies are unavoidable, our key principle is to work together with the employees affected to help them find other employment. Job openings in other Stora Enso units are made available to those affected wherever possible. Other kinds of support we can provide include outplacement schemes, coaching, retraining, facilitating moves to other locations, or planning for early retirement. Employee organisations and other stakeholders are fully involved in such processes, in line with all applicable regulations.

During 2013 we reduced personnel in a number of units across the company, in order to continue making our organisation more cost-effective and competitive. All our divisions and Group-level functions were under review. This restructuring programme is still ongoing, but by the end of 2013 approximately 1 300 of our employees had left the company. The most significant reductions in personnel were made at our mills in Sweden and Finland. The Group also added personnel through the acquisition of Efora Oy completed on 1 November 2013. Efora provides maintenance services at several of Stora Enso's mills in Finland, and has a total of approximately 1 000 employees.

Leadership and employee development

We believe that good leadership is a crucial factor when it comes to achieving sustainable high performance and building our desired company culture. We have consequently developed clear expectations for all key leaders within our organisation, and we follow up on their progress using tools including our company-wide employee survey and our Management Audit Process (MAP). This MAP aims to identify talents, create succession plans for key positions, and find ways to enhance our employees' skills to meet our business needs. To improve our bench of future leaders we launched a trainee programme named Grow during 2013.

One of our personnel targets is that all employees should have at least one annual performance review meeting with their manager. Some 80% (75% in 2012) of survey respondents stated that they had participated in such meetings over the past 12 months, with no significant difference by gender.

Most of our employee development and training initiatives are run within our divisions, with varying focuses depending on local needs and regulations. The average number of training hours per employee across all of our units that report on the extent of training was 27 (22 hours for female employees; 29 hours for male employees; and 26 hours for production workers). The average figure is approximately the same as in 2012 (25 hours).

Diversity and equal opportunities

Increasing employee diversity is important for us since we believe diversity is a key factor behind improved performance and innovation. We consider aspects such as gender, age, nationality and individual differences like varying experiences when assessing diversity within Stora Enso. When we recruit for new positions and development programmes such as our new trainee programme, we intentionally strive to increase the level of diversity. The 22 participants in our current trainee programme represent 8 nationalities, and have an equal gender distribution. In 2013 our leadership programme Pathbuilders involved 7 male and 5 female participants of 7 nationalities.

The benefits provided for employees vary from country to country, and is depending on country legislation. In our main countries in Europe, we typically do not provide different benefits to employees based on contract type (permanent or temporary), though certain differences in benefits may relate to the length of employment.

Remuneration policy and procedures

Remuneration levels for members of our Board of Directors are presented for shareholders' approval at our Annual General Meetings.

The Board has a Remuneration Committee currently comprised of three of Stora Enso's independent Board members: Gunnar Brock (chairman), Hans Stråberg and Matti Vuoria. The committee is responsible for recommending, evaluating and approving executive nominations and remunerations, including the CEO's remuneration. It also makes recommendations to the Board on more general management remuneration issues, including equity incentive remuneration plans.

The Board appoints the CEO and approves his/her remuneration. The CEO approves the remunerations of other executives after they have been reviewed by the Remuneration Committee.

Regular external benchmarking is an essential tool for ensuring that compensation levels are competitive with regard to wider employment markets – meaning the kinds of companies with whom we compete when recruiting talents and striving to retain our current employees. These markets vary depending on the functional area and the organisational level of the positions concerned. Regular benchmarking is primarily conducted with regard to local pay levels.

For more information on our remuneration policies and procedures, see our Financial Report 2013 at www.storaenso.com/annualreport or www.storaenso.com/investors.

Labour relations

Employee relations, including collective bargaining agreements, are mainly managed on a national level. At the end of 2013 some 75% of Stora Enso's employees were covered by collective bargaining agreements. This figure is only approximate due to differences in national legislations, which in some cases prevent us from collecting information about union membership.

In China the right to freedom of association and collective bargaining is expressly stipulated by law. Most of our Chinese operations have established unions that form part of the state-authorized China Labour Union. We have also formed worker councils at most of our units in China to serve as channels for direct feedback and dialogues between employees and management. A similar system is in place in our operations in Laos, where we have a worker's representative group elected by the workers.

Local hiring in our new markets

We believe it is very important that our new investment projects are staffed with managers and employees who are well-grounded in the local culture. Initially there is often a need for expatriate employees, but our goal is to use locally hired people wherever feasible, particularly in management teams. Our current management team for our investment project in Guangxi includes 3 managers of Chinese origin and 9 expatriates. Half of the 8-member management team at our Uruguayan joint venture in Montes del Plata are Uruguayans, and the others are Chilean, Brazilian and Canadian.

Key human resources indicators

	2013	2012	2011
Number of employees at year-end	27 985	28 203	29 505
Share of women among all employees (%)	22	23	24
Women in the Group Leadership Team	0 out of 9	0 out of 9	0 out of 9
Women in the Board of Directors	3 out of 10	1 out of 8	1 out of 7

Employees by gender and contract type

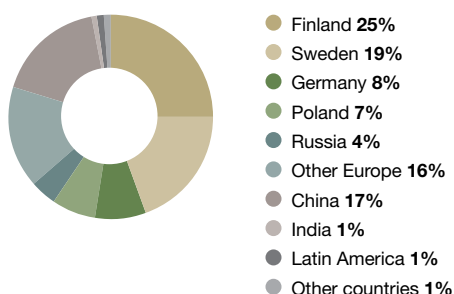
	Male	Female
Permanent full-time employees	20 764	5 833
Permanent part-time employees	135	171
Temporary employees	837	246
All employees	21 736	6 249

Personnel turnover by region¹

Region	2013	2012
Americas	4.7%	12.1%
Asia	41.8%	43.0%
Europe	9.8%	6.5%
Group	15.9%	12.8%

¹ % of permanent employees leaving, calculated against all employees at year-end.

Employee distribution by country



Standard entry wages and local minimum wages¹

	Ratio of our standard entry level wage to the local minimum wage
Brazil ²	1.6
China, Guangxi	1.1
India ³	1.3
Laos	1.2
Russia	1.0

¹ In material locations based on the social risk assessments of our operations, compared to minimum wage levels set at national, state or provincial level as applicable. The ratio shows how many times larger our entry level wage is compared to the local minimum wage.

² Our entry level wage in Brazil is based on an industry agreement.

³ Entry level wage includes direct benefits.

Compensation and equal opportunity¹

	Ratio of highest individual salary to median salary ²	Female employees' remuneration as a proportion of male employees ³	Return to work after parental leave (% of employees)	
			Male	Female
			Finland	11
Sweden	14	99%	100%	95%
Germany	10	97%	Not material	Not material
China	58	100%	98%	92%

¹ Figures for the four largest countries in terms of the total number of employees.

² This ratio shows how many times larger the highest individual salary is compared to median salary (GRI G4-54) based on annual total basic salaries.

³ Calculated using weighted averages based on each country's employee categories as applicable. Figures in Finland and Sweden are based on evaluations covering approximately 40% and 60% of our total workforce in these countries, respectively.

Employee hires and leavings by age, gender and region

Age group	Americas		Asia		Europe		Total
	Female	Male	Female	Male	Female	Male	
Hires¹							
Up to 30	3	10	983	1 048	108	288	2 440
31-50	1	6	480	331	118	261	1 197
51 and over		2	8	18	17	38	83
Total	4 (5%)	18 (4%)	1 471 (70%)	1 397 (42%)	243 (6%)	587 (3%)	3 720 (13%)
Leavings²							
Up to 30	1	6	802	788	85	289	1 971
31-50	8	7	366	282	231	604	1 498
51 and over	1	3	9	18	190	763	984
Total	10 (12%)	16 (3%)	1 177 (56%)	1 088 (33%)	506 (13%)	1 656 (9%)	4 453 (16%)

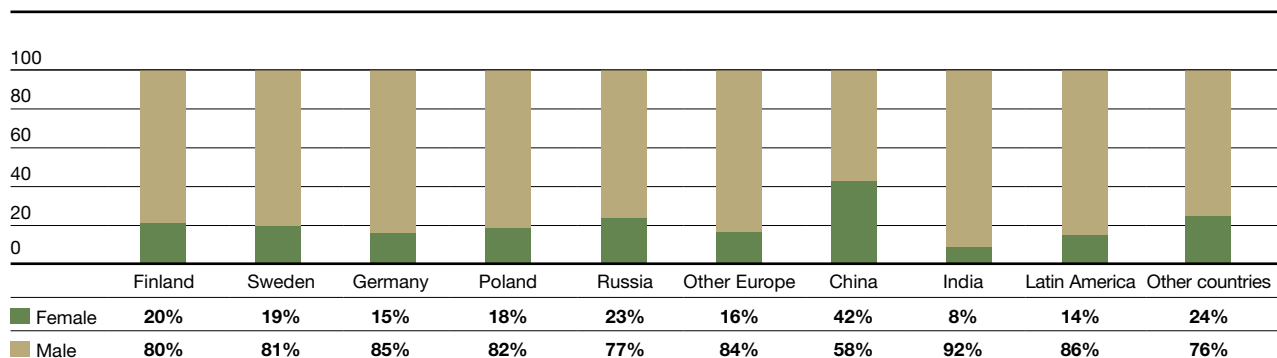
¹ Hires: numbers of permanent employees joining the company. Percentages in brackets are based on the year-end total headcount by gender and region.

² Leavings: numbers of permanent employees leaving voluntarily or due to restructuring, retirement or death. Percentages in brackets are based on the year-end total headcount by gender and region.

Employee distribution by age, gender and region

Age group	Americas		Asia		Europe		Total
	Female	Male	Female	Male	Female	Male	
Up to 30	21%	79%	43%	57%	20%	80%	20%
31-50	15%	85%	36%	64%	20%	80%	53%
51 and over	10%	90%	17%	83%	15%	85%	27%
Total	15%	85%	39%	61%	18%	82%	100%

Gender distribution by country



Health and safety

Stora Enso's safety work is based on our goal of zero accidents. We are striving to become an accident-free workplace and to make sure everyone goes home safe, every day. This requires strong commitment from everyone, and a systematic approach to safety issues across all of our operations.

Prioritising safety issues

During 2013 we continued to apply our safety toolbox in all units. This toolbox was introduced in late 2011 and it includes practical, hands-on tools that directly address individuals' behaviour. Units are responsible for applying each tool and programme under the leadership of mill managers or unit managers, supported by local safety staff and the Group's health and safety organisation. By the end of 2013 joint safety committees had been established at 94 of our units, representing 78% of our workforce.

Our local Occupational Health and Safety (OHS) committees provide a common forum for employees and management to discuss safety issues and agree on actions to improve OHS practices locally. Our regional OHS networks bring together mills' OHS managers to share best practices, learn from incidents, and develop new tools and practices together. So far we have active OHS networks up and running in Finland, Sweden and Germany.

Our units report safety performance data monthly, and selected indicators are followed over a 12-month rolling average. Every month units are required to report on their progress in implementing the measures in our safety toolbox. For each tool a standard has been described, as well as clear steps for implementation and quantitative criteria, against which units must assess their own progress on a monthly basis. Over the coming years units will also be audited with regard to these criteria, in order to identify areas for improvement and help share best practices and good initiatives across the organisation. Stora Enso's contractors' OHS statistics are reported separately from Stora Enso's units' figures. We are currently developing a Group-level approach to contractors' wider OHS reporting. Group-level statistics on contractors' OHS performance are therefore not included in this report, except for fatal and serious accidents.

In order to incentivise safety improvements at our mills, our Group Leadership Team recognised selected units in 2013 based on their safety performance and the innovative, practical and effective ways they have applied our safety tools.

Our Health and Safety Policy is available at www.storaenso.com/sustainabilitypolicies.

Safety targets and performance

During 2013 we continued to work towards our ultimate goal of zero accidents. Figures across the Group showed improvements compared to 2012. Our lost time accident (LTA) rate fell to 6.0 (7.7 in 2012). In terms of the impacts of safety performance on efficiency, this improvement in the LTA rate meant a total of 2 546 fewer lost working days than in 2012. In 2013 the Group-wide attendance rate was 96.8% (96.9%).

In recent years we have increasingly focused on the Total Recordable Incident (TRI) rate, particularly since the rates of uptake of sick leave following accidents vary considerably from country to country. During our review of our Global Responsibility Key Performance Indicators (KPIs) in 2013 TRI was selected as the key indicator of our safety performance.

Our new target is to achieve a TRI rate of less than 5.0 per million hours worked by the end of 2015. The rate declined to 14.0 in 2013 (16.7).

Fatal accidents

Nine fatal accidents occurred during 2013 in Stora Enso's operations, resulting in ten fatalities. Two of the victims were Stora Enso's own employees, seven were contractors, and one was a member of public. Most of these fatalities occurred while the victims were commuting to work, or in connection with transportation operations involving contractors.

Four of the fatalities were related to our joint venture Montes del Plata's mill construction project, and two occurred in connection with wood transportation operations in Uruguay. Other fatalities occurred at Stora Enso's mills in the Czech Republic, Russia, Germany and Poland.

Focus on contractor safety

One of our focus areas in 2014 will be safety issues in contractor management. Our mills and especially projects such as the construction of our board mill in Guangxi, China, employ large numbers of contractors, including many working on temporary contracts. The overall safety performance of a large construction project depends on how diligently all the different companies working at the same site follow the common safety rules. This requires a systematic approach to the OHS training of contractors before they are allowed to enter the construction site. It is also important to ensure that all workers have the required work permits indicating that they are able to carry out their work safely. For more details of our work on safety with our contractors in Guangxi and Uruguay see pages 28-29 and 35-36.

Preventing negative health impacts in large projects

Serious illnesses are addressed by units in line with their local occupational health service models. Diseases are screened in regular health checks. The health impacts of large projects causing significant movements of labour and significant changes in local communities are also assessed and mitigated. In such cases mitigation plans are made in order to control any serious or contagious disease outbreaks.

The construction of our new board mill in Guangxi, for example, will entail significant movements and the presence of workers from other regions in the local community. Existing and potential health risks, such as transmittable diseases, or issues related to waste treatment and hygiene, are being assessed from viewpoints of both the workforce and local communities. Mitigating actions, such as publicity campaigns and preventive medication, are being defined in partnership with the local authorities so as to minimise any negative health impacts.

Other key activities for 2014

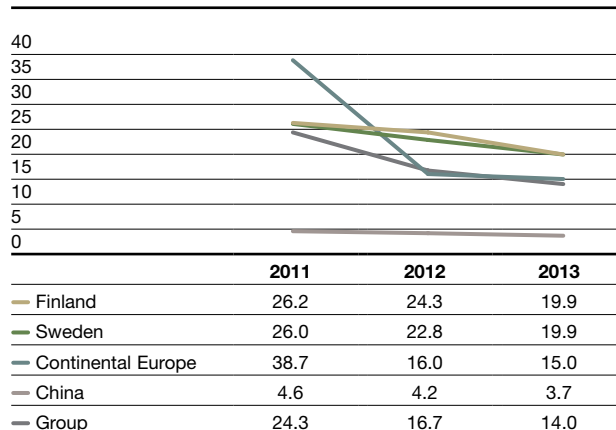
Focus areas for our OHS management will include measures to further strengthen our OHS culture, to improve driving safety performance to the next level, and to further enhance our safety management. We will also encourage our OHS networks to share best practices, learn from any incidents, clarify modes of operation, roles and responsibilities, and improve reporting practices.

In practice, strengthening our OHS culture must also involve improving communications and enhancing awareness of our safety tools also among our office based functions, in order to build up a consistent safety culture across our whole organisation. Special attention will also be given to personal accountability for everyone's safety and zero tolerance for ignorance with regard to the observance of safety rules.

Driving safety performance to the next level will require changes in mind-sets at all levels of our organisation. We aim to introduce new, ambitious but achievable OHS targets in 2014, and we will also review unit-specific road maps to promote the effective application of our safety tools taking into account the current maturity level of each unit. Visible leadership in safety, personal accountability and contractors' safety management will also drive performance improvements.

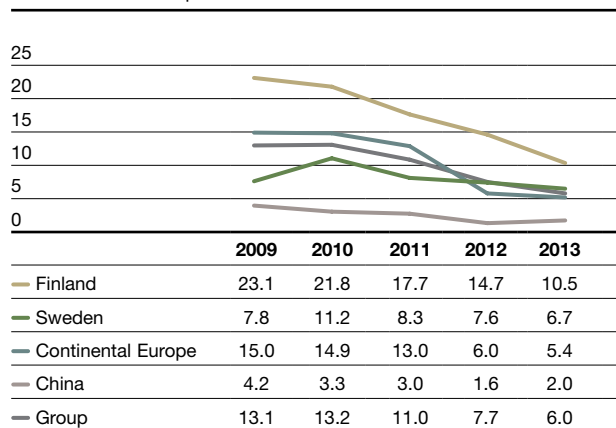
Total recordable incident rates (TRI)

number of incidents per one million hours worked



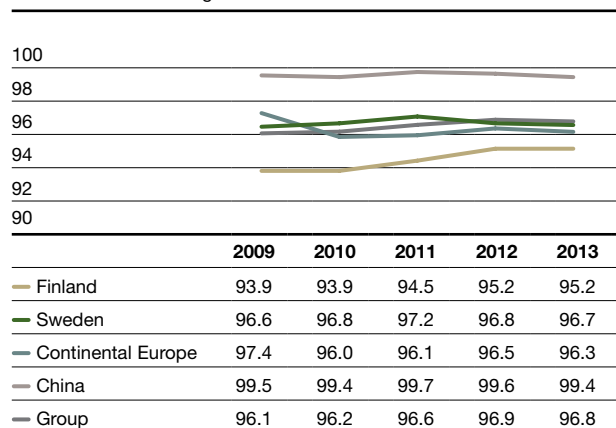
Lost-time accident rates (LTA)

number of accidents per one million hours worked



Attendance rates

% of theoretical working hours



Ethics and compliance

Ethical business conduct and legal compliance are not only cornerstones of our way of doing business, but also paramount for living up to Stora Enso's corporate Purpose 'Do Good for the People and the Planet' and our Value 'Do What's Right'. We believe that an ethical approach will lead to successful business, foster accountability and enhance our good reputation.

Stora Enso's Ethics and Compliance function is part of the Group's Legal Services. The Head of Ethics and Compliance, our General Counsel, is responsible for Stora Enso Ethics and Compliance and reports directly to the CEO. Our Ethics and Compliance Board, which is a management-level governance body appointed by the CEO, monitors and assesses the Group's legal compliance and ethical business conduct. For more information on our Global Responsibility and Ethics governance see pages 8-11.

Our Ethics and Compliance function focuses especially on the main areas in our Ethics and Compliance Programme outlined below. All our actions aim to strengthen our organisational culture, which encourages our employees and stakeholders to take part in open and honest discussions on ethical issues related to Stora Enso.

Top level commitment

In the context of our efforts to make Stora Enso into a more value-driven organisation, with the prime focus on ethics rather than compliance (without downgrading the importance of strict compliance), the importance of continuing to set a clear and unflinching tone at the top cannot be overstated.

Since 2011 all Stora Enso employees in managerial positions, members of Business Area or mill management teams, employees with competitor contacts, and employees working with purchasing, marketing and sales have had to make a personal commitment to our Code of Conduct and Business Practice Policy, and undertake to train and inform employees within their respective organisations. During 2013 a total of 1 586 employees (1 039 in 2012) were required to make such pledges.

During 2013 we additionally ran an Ethics Workshop for 25 of our employees providing training and promoting discussions on ethical questions. We aim to organise more workshops of this kind during 2014.

Spreading the message

Clear communications and frequent training are fundamental ways to increase awareness and promote our values among our employees and business partners. In recent years we have rolled out a wide-ranging set of policies, guidelines and training on Ethics and Compliance.

These policies and guidelines are accessible to all of our employees on our internal website. Our Code of Conduct and Business Practice Policy are also publicly available at www.storaenso.com/sustainabilitypolicies.

Code of Conduct

Stora Enso has a single set of values that are applied wherever we operate. Our Code of Conduct defines common rules for all our employees, and provides guidance on Stora Enso's approach to ethical business practices, environmental values, and human and labour rights.

To ensure our employees understand and follow the rules set out in our Code of Conduct, they receive related training through our established e-learning tool or face-to-face training. We are also working to ensure that all new employees are trained promptly.

In relation to the revision of our Code of Conduct during 2013 a new e-learning tool was rolled out. During 2013 a total of 10 418 of our employees underwent this e-learning, and our aim is to provide such training for all of our other employees who have access to computers during 2014. During 2013 we also devised a new training concept designed to reach more than 11 000 of our employees who do not have direct access to computers. This face-to-face training scheme will be launched during 2014.

Business Practice Policy

In 2011 Stora Enso launched a new Business Practice Policy to complement our Code of Conduct, aiming to further strengthen our stand on ethical business practices. The policy has given our employees more detailed guidance on topics such as anti-trust, corruption, gifts and entertainment, conflicts of interest and money laundering.

New complementary guidelines

During 2013 we established a Gifts and Hospitality Guideline and a Third Party Due Diligence Guideline to complement our Business Practice Policy.

Our Gifts and Hospitality Guideline gives more detailed guidance than the rules set out in our Business Practice Policy. It emphasises Stora Enso's zero tolerance approach to corruption. We have defined our new Third Party Due Diligence Guideline in response to more stringent anti-corruption legislation, which requires companies to actively prevent corruption committed by their business partners. It aims to help ensure that Stora Enso has adequate procedures in place to prevent bribery committed by third parties.

Our divisions have worked extensively to make all our employees aware of the content of our guidelines on Gifts and Hospitality and Third Party Due Diligence. These activities have particularly targeted divisional management teams, mill management teams, employees with competitor contacts, employees working with purchasing, marketing and sales, and employees in China, India and South America.

Competition Law Compliance Programme

In 2013 we updated our Competition Law Compliance Programme, which aims to explain the fundamentals of anti-trust legislation to our employees, and to establish reporting pathways for the approval of benchmarking, mill visits and competitor contacts.

Further efforts in risk areas

During the last decade we have expanded our business operations into geographical areas which offer excellent business opportunities, but which also entail increased exposure to risks related to compliance. In order to facilitate our expansion in different areas Stora Enso has also entered into joint venture agreements which might also expose the company to risks related to competition laws.

Our risk assessment procedures on compliance cover all our units. The most significant compliance risks in our global operations relate to corruption and anti-trust.

During 2013 we rolled out an extensive in depth e-learning programme developed by an external law firm to increase awareness of legal regulations and mitigate the related risks. The target group for this e-learning has encompassed our Group Leadership Team, divisional management teams, mill management teams, employees with competitor contacts, and employees working with purchasing, marketing and sales. During 2013 around 3 000 employees were trained in this programme.

Extensive face-to-face training on our Business Practice Policy was additionally organised for our management and employees in Brazil, India, Pakistan and China during 2013.

Speak Up – an effective grievance mechanism

All our employees are encouraged to report suspected misconduct or unethical behavior directly to their own supervisor, Human Resources or Stora Enso Legal Services. Our employees may also report their concerns in confidentiality to the Head of Internal Audit.

In 2012 Stora Enso launched an additional external service through which our employees can confidentially and anonymously report on non-compliance issues by phone, by mail, or using the internet. This service was launched in cooperation with an external service provider and covers all of our units. During 2014 this external hotline is due to be opened up to our suppliers and other third parties in Brazil, Uruguay, Russia, India and China.

A total of 34 of the grievances received through Stora Enso's various grievance channels were identified as potential non-compliance cases. All such cases are recorded and reviewed by Stora Enso's Head of Internal Audit and Ethics and Compliance, and reported to the Ethics and Compliance Board as well as Stora Enso's Financial and Audit Committee.

All potential non-compliance cases were investigated. Proven misconduct was found in 12 cases which led to disciplinary and/or legal actions. None of the reported cases were related to child labour, forced labour or discrimination.

Breakdown of potential non-compliance cases

Fraud	8
Corruption	8
Anti-trust	2
Conflict of interest	4
General human resources	5
Health and safety	1
Miscellaneous	6

Human rights

Stora Enso's long-term commitment to respect and support human rights is reflected in our corporate purpose 'Do good for the people and the planet'. In addition to people working in our own operations, our commitment extends to our suppliers, business partners, communities surrounding our operations and other stakeholders within our sphere of influence. Our human rights approach is aligned with the UN Guiding Principles on Business and Human Rights.

Embedding human rights in policy commitments

Our public human rights statement, launched in 2012, expressly commits Stora Enso to observe the UN International Bill of Human Rights, which encompasses the Universal Declaration of Human Rights, the ILO's core conventions, the OECD Guidelines for Multinational Enterprises, and the Children's Rights and Business Principles, among other universally accepted international and regional human rights instruments.

We have embedded these elements in our updated Code of Conduct, which now has an enhanced focus on human and labour rights. These issues have also been duly integrated into our social responsibility guidelines, supplier sustainability requirements and due diligence guidelines for new investments. All these frameworks shape our approach to human and labour rights and serve as guiding standards when we work in regions where related local regulations are weak or non-existent. These documents, except for our internal due diligence guidelines, can all be found at www.storaenso.com/sustainabilitypolicies.

Assessing impacts

At Stora Enso we always take human rights impacts into consideration throughout the life cycle of our operations, from investment decisions onwards. Related assessments are either conducted within the company or in co-operation with credible third parties. Examples include environmental and social impact assessments (ESIA) conducted in Brazil, southern China and Laos by UNDP, and pre-investment due diligence assessments in India and Pakistan.

In 2013 our Chennai Mill came under scrutiny by NGOs in relation to human and labour rights issues. We welcomed this scrutiny, and together with a third party performed a comprehensive human and labour rights audit and legal review. An action plan was drawn up following these assessments, and several improvements in occupational health and safety and human resources practices have been put in place. For more details see page 29.

We plan to continue conducting such assessments in other parts of our operations, beginning in Asia. Our target is to perform a Group-wide human rights compliance assessment covering all of the countries where we have production or manage land and forests by the end of 2014. This will complement previous assessments performed in Asia and Latin America. By the end of 2015 we aim to prepare action plans designed to prevent and mitigate any risks related to human rights identified during these assessments.

As in previous years, we have continued to assess our supplier relationships from environmental and human and labour rights perspectives. For more information on our supplier sustainability risk assessments and audits see pages 19-20.

Large construction projects require special attention when it comes to labour rights and safe working conditions. Our mill construction projects in Guangxi, China, and at our joint venture in Uruguay, Montes del Plata, have particularly emphasised safety issues for workers. We have learnt lessons from workplace accidents in Uruguay, and will strengthen our approach to construction safety in Guangxi.

Integrating human rights into our everyday work

In 2013 Stora Enso launched a Group-wide programme of training in relation to our updated code of conduct. Human and labour rights feature prominently in these sessions. During 2013 a total of 10 418 of our employees completed e-learning training on our code of conduct. For further information on our updated code of conduct and related training see page 43.

We will also launch a separate code of conduct for our suppliers and business partners in 2014 particularly emphasising human and labour rights issues. This will build on our existing contractual supplier sustainability requirements, which oblige suppliers to strictly adhere to internationally recognised human and labour rights. We continuously evaluate our suppliers' conformance through self-assessment questionnaires, on-site supplier audits and business visits. None of the non-compliances found during supplier audits conducted in 2012 and 2013 were related to child labour, forced or bonded labour, freedom of association or dangerous work environments.

During 2013 we continued a restructuring process which reduced our personnel in a number of units across the company, especially in Europe. Our first priority is to realise these redundancies responsibly in full compliance with local laws and collective bargaining agreements. Where redundancies are unavoidable, our key principle is to work together with the employees affected to help them find other employment.

We are currently building up our Global Responsibility organisations in Guangxi and at our new joint venture in Pakistan with a special focus on human and labour rights in our own operations, supply networks and local communities. We use security personnel at our mills, tree plantations and other facilities in many countries. We aim to ensure that these personnel perform their duties without violating anyone's human rights.

Intensive land use is a key feature of our tree plantations in Asia and South America. In these regions we consistently strive to ensure that the land use rights of local communities are fully respected. We have been criticised in recent years in relation to our approach to land use, especially in Guangxi. In 2013 a group of NGOs placed a complaint before the UN Human Rights Council about Stora Enso's land leasing practices in China. We have repeatedly clarified our position and responded to all allegations related to land use in Guangxi. For more information see pages 25-29.

In many areas the local communities surrounding our mills and plantations include indigenous peoples and other minority groups. We recognise the specific cultural and economic needs of such communities, including their traditional uses of forests, and their legitimate rights to their traditional lands. We strive to ensure that our operations do not violate their rights. In 2013 we were not involved in any violations of indigenous peoples' rights. In Brazil, our joint venture Veracel maintains good relations with the area's 17 Pataxó and Tupinambás communities, and supports programmes designed to strengthen their cultural identity. For further information on Veracel see pages 32–34.

Access to remedy and grievance channels

Our public human rights statement commits Stora Enso to remedy any situation where our activities adversely affect human rights in spite of all our efforts to avoid such cases. Grievance channels are available to all our employees to report any instances where their rights may be infringed. None of the cases reported through our formal grievance mechanism were related to child labour, forced labour or discrimination. For more information on our grievance channel see page 44.

As described in more detail on pages 26–27, we have responded to our findings in Guangxi by setting up an extensive correction process for land lease contracts. Our grievance channels in Guangxi are available for the local community, and one of our priorities for 2014 in Guangxi is to improve and further publicise them.

Tracking and communicating our human rights performance

In 2013 we defined a new Group-wide key performance indicator to indicate how well we are able to implement the approaches described above. We will continue to report on progress on regional human rights assessments and action plans in this annual report, and through our webpages and other public statements.

Forests and Land Use



Wood is our most important raw material. Sustainable forest management is in our immediate and long-term interest, as it keeps forests healthy and productive, and thus helps to secure the long-term availability of this renewable resource. We aim to offer innovative ways to use land and practise forestry responsibly, thereby creating shared value with local communities in the vicinity of our operations.

In 2013, the total amount of wood (including roundwood, wood chips and sawdust) delivered to our mills was 34.2 million cubic metres (solid under bark) (33.5 million cubic metres in 2012).

Stora Enso mainly procures wood from private forest-owners, state-owned forests and associated companies in Finland, Sweden, the Baltic Countries, Western and Eastern Europe and Russia. Some 6% (7%) of our wood is sourced from tree plantations, including pulp produced by our joint venture Veracel in Brazil. Stora Enso has large-scale plantation operations – including some of our own, and others owned through joint ventures – in Brazil, Uruguay and China, as well as a pilot project in Laos.

Our wood procurement is organised regionally. Stora Enso's wood supply units in Finland, Sweden, the Baltic Countries, Russia, and Western and Eastern Europe are each responsible for the sourcing of wood for Stora Enso mills in their respective regions. Each tree plantation operates under the mill which it supplies wood for. Our Biomaterials Division currently manages certain plantation projects which are not yet associated with a single mill. Our forestry operations in Guangxi, China, are the responsibility of our Renewable Packaging Division.

Sustainable forestry and tree plantation operations

We practice economically, socially and environmentally sustainable forest and tree plantation management. The right balance between these different aspects of sustainability varies by region:

- Economic sustainability involves ensuring that forest operations remain viable.
- Social sustainability highlights human and labour rights, health and safety issues, the fair distribution of economic benefits, the multiple use of forests, and the protection of sites with historical, social or cultural importance. For more information about our social responsibility work in relation to our tree plantations see pages 25-29 and 32-36.
- Our key environmental priorities in sustainable forestry include the conservation of biodiversity, soil protection, and preserving the quality and quantity of water resources.

To promote our goals concerning sustainable forestry we actively network with other stakeholders. In 2013 we renewed our participation agreement with the Global Forest & Trade Network (GFTN). This initiative of the World Wide Fund for Nature (WWF) aims to eliminate illegal logging and drive improvements in forest management. For more information see www.gftn.panda.org.

In 2013 we also participated in the Forest Programme of the Carbon Disclosure Project (formerly Forest Footprint Disclosure) in order to measure and transparently report the forest footprint of our entire value chain. For more information see www.cdproject.net.

Wood from sustainable sources

All of the roundwood, chips, sawdust and externally purchased pulp supplied to our mills comes from sustainable sources. We use forest certification and traceability systems to check that wood has been harvested in compliance with the relevant

national and EU legislation, and according to our own policy on Wood and Fibre Sourcing and Land Management, which is available on our policy webpage www.storaenso.com/sustainability/policies.

Since March 2013 the European Union Timber Regulation has imposed new requirements prohibiting the trading of illegally harvested timber and timber products in EU markets. (see http://ec.europa.eu/environment/forests/timber_regulation.htm). Stora Enso's wood procurement practices ensure that we fulfil these obligations.

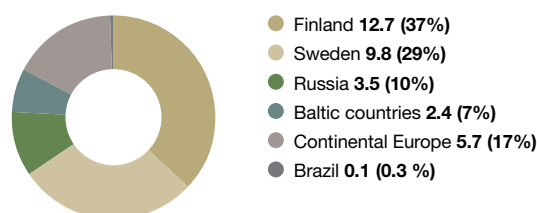
We use traceability systems to ensure that we know the origin of all purchased wood and pulp. These traceability systems are third party verified through the FSC Chain of Custody/Controlled Wood scheme, the PEFC™ Chain of Custody/Due Diligence System and ISO 14001. We also conduct regular supplier audits. In Russia, for instance, one third of our wood supply contract holders are audited annually.

The sustainability performance of Stora Enso's forestry operations is often monitored in cooperation with local institutes. In Finland and Sweden Stora Enso's harvesting and forest management operations are monitored annually. In Finland this monitoring is conducted by an independent third party – either a regional forestry centre or the Forestry Development Centre Tapio. In Sweden monitoring is based on extensive self-assessment procedures. This monitoring aims to measure the environmental quality of the assessed operations and use the resulting information to take corrective actions and improve operations where necessary, by providing suitable training, for instance.

Our stakeholders can send any feedback, questions and complaints relating to forest operations to our wood supply units, all of which have grievance mechanisms in place. These systems meet the requirements of the FSC, PEFC and/or ISO 14001 schemes, and are third party verified.

Wood procurement by region¹

million m³



¹ Total amounts of wood (roundwood, chips and sawdust) procured within these areas for delivery to our own mills (million m³, solid under bark).

Improving our tree plantations

Stora Enso works according to internationally approved principles and forest management practices, and applies established planning procedures when setting up sustainable plantations. This is also important from a business perspective, as plantations are always intended to be long-term investments. We apply our principles to both our own plantations and those run through joint ventures. They apply in both large and small-scale operations.

Stora Enso never converts natural forests or protected areas into plantations. We always conduct environmental and social impact assessments for any greenfield plantation projects.

Stora Enso's work has several links to agriculture along our value chain, ranging from the development of innovative land use practices in our tree plantations to providing the food industry with sustainable packaging solutions. During 2013 we were also involved in the development of the United Nations Global Compact's Sustainable Agriculture Principles (SABSPs). A draft version of the SABSPs has been under stakeholder consultation, and the finalised principles are expected to be published during 2014.

During 2013 Stora Enso also continued to participate in wider initiatives that aim to enhance sustainable plantation forestry globally through dialogues with other companies, governmental organisations and the WWF. We are currently participating in the third phase of WWF's New Generation Plantations project (www.newgenerationplantations.com), which focuses on the institutional and technological aspects of responsible plantation management.

Stora Enso has been involved in developing the New Generation Plantation concept since its launch in 2007. Participation in the project has given us an opportunity to rethink and improve our operations by learning from our stakeholders.

Tree plantations and water

The impacts of tree plantations on local water balances and soils interest many of our stakeholders. Stora Enso does not establish tree plantations in hydrologically sensitive areas, and we take such impacts into account already during the planning stage. The overall hydrological impacts of plantations depend on many factors including previous land use, rainfall patterns and plantation design in the local landscape.

We monitor the availability and quality of water, as well as soil conditions, in all of our tree plantation operations.

Our joint venture Veracel in Brazil has been running a hydrological monitoring programme in cooperation with the University of São Paulo since 2005. The resulting data is available on Veracel's website (www.veracel.com.br) in Portuguese, together with the findings of other environmental monitoring studies. Monitoring has revealed that water consumption levels in the planted areas are very similar to those in nearby areas with natural vegetation.

In Uruguay, our joint venture Montes del Plata monitors hydrological trends in its plantation landholdings as a part of a larger

long-term national study of watershed characteristics and water balances run by the Instituto de Mecánica de los Fluidos (IMFIA) of Universidad de la República.

In Guangxi, China, we have been running a water monitoring programme in our leased plantations together with Guangxi University since 2011. For more details of our work in Guangxi and our new joint water stewardship project with Kemira in the region see pages 25-29.

Developments in forest certification

We promote credible forest certification as a tool to enhance sustainable forest management practices. The two most significant forest certification systems recognised by Stora Enso are run by the Programme for the Endorsement of Forest Certification (PEFC) and the Forest Stewardship Council (FSC).

The proportion of all forests worldwide certified as being under sustainable management is around 10%. Most of these certified forests are located in North America and Europe. We are actively working with our stakeholders to spread sustainable forest management and enhance certification systems. In 2013 Stora Enso and 25 other leading forest product companies signed up to the Leadership Statement on the Value and Future of Forest Certification created by the World Business Council for Sustainable Development (WBCSD) Forest Solutions Group. This statement calls for sustainable forest management to be significantly scaled up, and for forest certification schemes to be expanded. For more information see www.wbcscd.org.

In 2013 the share of certified wood in our total wood supply was 78% (74%). Stora Enso owns or leases lands with a total area of 1.1 million hectares, and 93% of this total area is certified. For more information on certified plantations and lands owned, leased and managed by Stora Enso, see the table on page 53.

In China, we expanded our FSC certificate by obtaining FSC Chain-of-Custody certification for our plantation operations in Guangxi. We also maintained our FSC Forest Management and Chinese Forest Certification Council certificates. These systems are used to verify that our plantation operations meet recognised standards for sustainable plantation management. In Guangxi we also renewed the certification of our environmental management and occupational health and safety systems. As part of our systematic sustainability approach we also worked with local communities, trained our contractors, and developed and implemented new plantation planning methods. For more information see pages 25-28.

In Finland, most forests are privately-owned PEFC-certified smallholdings. Since 2005, Stora Enso has also offered Finnish forest-owners the opportunity to join an FSC group certification scheme managed by the company. The first pioneering group of Finnish forest-owners are now in the final phase of this FSC group certification programme.

The Finnish PEFC Forest Management standard is reviewed every five years to ensure that it is in line with renewed international PEFC requirements. Stora Enso Wood Supply Finland is participating in the national working group that started reviewing

the standard during 2013. Stora Enso Wood Supply Finland also participates in ongoing work that aims to create an FSC Controlled Wood Risk Assessment for Finland.

Stora Enso has been preparing to comply with new Finnish forest legislation that will come into force in January 2014 by training personnel and participating in the revision of the Finnish forest management guidelines.

In Sweden, more than half of the total forest area, including nearly all large forest holdings, is certified under PEFC, FSC, or both schemes. Stora Enso offers forest-owners in Sweden the opportunity to obtain group certification under both schemes.

Ongoing processes include the revision of the national FSC Forest Management standard, in parallel with the global FSC International Generic Indicators process, and the creation of a national FSC Controlled Wood Risk Assessment for Sweden. Personnel from Wood Supply Sweden are participating in these important processes.

In Estonia, we continued a pilot project for SmartLogging certification, and managed FSC group certification for 60 forest owners. The SmartLogging certification scheme has been established by the Rainforest Alliance for logging contractors to help forest-owners comply with FSC group certification requirements.

In Russia, we have made significant progress on certification. Together with WWF Russia and local logging companies we have continued to expand our own FSC certification group for wood suppliers who wish to certify their forest lease areas under FSC. Stora Enso established this group in order to make certification more accessible and cost-efficient for small and medium-sized logging companies. The group supports its members in the preparation of the necessary documentation, and organises training and centralised contracting with the auditors.

The forests certified by Stora Enso are located in different regions of Northwest Russia: in Karelia, Novgorod, Kirov, Kostroma and Yaroslavl. Group certifications now cover forest lease areas totaling over 262 100 hectares, including a new member with 59 680 hectares in Kostroma Region who joined the scheme in 2013. Stora Enso's own Russian subsidiary companies have been FSC-certified since 2006.

Stora Enso Wood Supply Russia hosted a group of FSC board members and executives during their visit to forests in the Olonets District in June 2013, organised in connection with an FSC® International Board meeting in Russia. Russian wood suppliers' customers, consumers and other stakeholders are increasingly demanding that their products meet high sustainability standards. Stora Enso has promoted responsible sourcing ever since the company introduced a full coverage wood traceability system in the region in 1997.

In Continental Europe, Stora Enso's sawmill at Ybbs in Austria received a new FSC Chain of Custody certificate in autumn 2013, to add to its existing PEFC Chain of Custody certificate. This enables Ybbs sawmill to offer customers FSC-certified Cross-Laminated Timber products and sawmill by-products.

In Brazil, Stora Enso's joint venture Veracel and its partner farmers are continuing pioneering the concept of group forest certification. By the end of 2013, FSC and CERFLOR (PEFC) forest certification had been obtained by 51 farmers for a total area of 27 212 hectares, of which 12 400 hectares are planted with eucalyptus. Veracel's forestry partners enjoy concrete benefits from the forest certification process since it streamlines farm management, enhances working conditions, and facilitates the establishment of conservation areas.

In Uruguay, our joint venture Montes del Plata successfully expanded the scope of its FSC certification during 2013 to 100% of the tree plantations it owns or manages.

Conserving biodiversity

Ecological landscape plans and biodiversity assessments conducted to identify valuable habitats form the basis for management planning in tree plantations and in our associate forest companies. Our employees and forestry contractors receive on-the-job training on ecological management.

We only establish tree plantations on lands with low biodiversity value, such as former pasturelands. All ecologically important areas are identified and duly protected. We also continuously monitor the impacts of our operations on biodiversity, soil and water resources.

During 2013 we continued our efforts to preserve and enhance biodiversity in various countries:

In Bahia, Brazil, our joint venture company Veracel continued to actively restore Atlantic rainforest habitats in its lands. In addition to overseeing the natural regeneration of native forest in former pasturelands set aside for preservation by Veracel, which now total 105 368 hectares, the company also sources native tree seedlings from local nurseries, and plants them in former pasturelands in sites where natural regeneration is not possible. This voluntary work is part of a government initiative designed to restore Atlantic rainforest ecosystems and connect the remaining areas with ecological forest corridors, enabling birds and animals to move from one area to another. By the end of 2013 Veracel had planted more than 5 100 hectares of rainforest through partnerships with local cooperatives and companies in sites where natural regeneration has not been possible.

Veracel also works with a shipping company and the Humpback Whale Institute to monitor and conserve humpback whales in Brazilian waters. Pulp shipments from Veracel are transported by barge through waters where the whales breed. This monitoring has helped to establish the safer routes for the sea transportation and proven that the pulp shipments are not interfering with the expanding whale population.

In Guangxi, China, we are cooperating with the local office of Fauna & Flora International (FFI) on studies of plantation vegetation and ways to use bird numbers as indicators of the ecological health of plantations. FFI researchers are identifying impacts on vegetation, insects, bird species numbers and bird population numbers over a seven-year monitoring period.

In Uruguay, our joint venture company Montes del Plata is well under way with the implementation of its Ecoregion Planning scheme, which integrates ecoregion landscape criteria into an improved forest planning tool. This involves identifying, mapping and classifying different types of environments to enable the early detection of vulnerability and improvements in environmental and forest management, soil use and site-specific management and conservation practices.

During 2013 all of Montes del Plata's lands were mapped and classified, with the resulting data entered into the company's Geographic Information System. A countrywide Ecological Vulnerability Map was also developed for plantation forestry in Uruguay in collaboration with the local university.

In Sweden, Stora Enso is working with Bergvik Skog in several projects that aim to conserve biodiversity and minimise the negative impacts of logging. Examples of endangered or threatened species that can be helped in this way include the beetle species *Tragosoma depsarium*, the sand lizard (*Lacerta agilis*) and the white-backed woodpecker (*Dendrocopos leucotos*). Work on the conservation of white-backed woodpeckers has continued since the late 1980s, demonstrating the company's long-term commitment to biodiversity conservation.

Wood Supply Sweden has meanwhile successfully developed and implemented a new method for planning, opening and utilising final felling and thinning sites. This new procedure, known as the "Right Method", reduces the impact of operations on the ground, and also increases biomass yield and productivity. The method has raised widespread interest among research institutions, the forestry authorities and other stakeholders in Sweden. More than 500 personnel have so far been trained to apply the method.

In Finland, Stora Enso has continued to actively promote the voluntary METSO forest biodiversity protection programme run by the Finnish government. This programme particularly targets private forest-owners, who can obtain compensation for protecting ecologically valuable forest areas accepted for conservation under the programme. We are also a member of the committee of the Perintömetsä (Heritage Forest) programme organised by WWF Finland. This programme encourages forest-owners in Finland to conserve without compensation forest sites that have a personal meaning for them, and pass them on to future generations intact.

We have also been involved in the development of a new harvesting planning procedure incorporating a geographical database designed to safeguard endangered species, and adopted the procedure in our operations in Finland.

Pulp procurement

Although most of the pulp used in our mills is produced within Stora Enso, for reasons related to quality and logistics we also purchase small amounts of chemical pulp from external suppliers. In 2013, externally purchased chemical pulp accounted for 4% (5% in 2012) of all the chemical pulp used within the company. Pulp deliveries from our joint venture Veracel to Stora Enso totalled 0.51 million tonnes in 2013. This pulp was mainly shipped to mills within our Printing and Reading Business Area.

Our purchased pulp meets the same sustainability criteria as our purchased wood. Pulp from external suppliers is included in our traceability system, so the origins of the fibre it contains are known and appropriately documented. Our minimum requirement for all purchased pulp is an approved chain-of-custody certificate (PEFC, FSC or FSC CW). In addition, both externally purchased pulp and Veracel pulp complies with the EU Timber Regulation (EUTR) adopted in March 2013. The EUTR ensures that no illegally harvested timber or timber products enter the EU market. Purchased pulp is also covered by Stora Enso's participation in the WWF's Global & Forest Trade Network (see page 48).

To find out more about our external pulp suppliers' sustainability performance, we sent them a specially designed sustainability questionnaire during 2012. The questionnaire results showed that our pulp suppliers are generally able to give favourable overviews of their sustainability performance. To further enhance awareness of key sustainability issues, certain suppliers were selected for more extensive sustainability audits. We started this process in 2013 by auditing one pulp supplier, and we were pleased that no major non-conformances were detected during the auditing processes. To ensure continuous compliance with our sustainability requirements, the sustainability questionnaire will subsequently be sent out every other year, while additional selected audits will be carried out annually.

Forests, plantations and lands owned by Stora Enso¹
As of 31 December 2013

Unit ²	Area	Certification coverage	Details of local landscapes and protected areas
Montes del Plata plantations and lands, Uruguay (joint venture with Arauco)	190 266 ha, of which 114 656 ha are planted	FSC for 190 266 ha, of which 114 656 ha planted	Mainly pasturelands and agricultural fields. Remnants of native ecosystems, such as grasslands and riparian forests, have been protected within the company's lands.
Veracel plantations and lands, Bahia, Brazil (joint venture with Fibria)	211 489 ha, of which 90 497 ha planted	CERFLOR (PEFC) for 189 355 ha; FSC for 189 383 ha	Dominated by pasturelands cleared from Atlantic rainforest between the 1950s and 1980s. 105 368 ha of Veracel's lands are protected, including a 6 069 ha Private Natural Heritage Reserve. These protected areas mostly consist of native forest remnants at different stages of regeneration (see page 50).
Plantations and lands, Rio Grande do Sul, Brazil	43 412 ha, of which 20 850 ha planted		Mainly pasturelands and agricultural fields. 14 000 ha of the total area is protected, including native grasslands, riparian forests and other habitats.
Wood Supply, Lithuania	453 ha	FSC	70 ha of nature reserves, including buffer zones, and part of a national park.
Wood Supply, Estonia	137 ha, including 124 ha of forest		No protected areas within this area.

¹ In addition to the forest and plantation areas listed above, Stora Enso owns: 43% of Bergvik Skog, who own 2.3 million hectares of land in Sweden and 103 000 hectares in Latvia; and 41% of Tornator, who own 0.6 million hectares of forestland in Finland, 20 000 hectares in Estonia, and 12 000 hectares in Romania.

² Including units where Stora Enso's shareholding is at least 50%.

Forests and plantations leased and managed by Stora Enso
As of 31 December 2013

Unit ¹	Area	Certification coverage	Details of local landscapes and protected areas
Olonetsles, Russia	222 500 ha	FSC group certificate	In Russia protected areas are generally excluded from lease agreements. Areas amounting to 2 362 ha are protected as natural monuments (mainly marshlands).
Ladens, Russia	153 900 ha	FSC group certificate	409 ha protected as natural monuments, including genetic pine reserves and watercourses.
Terminal, Russia	42 307 ha	FSC group certificate	No protected areas within this area.
Plantations and lands, Guangxi, China	90 286 ha, of which 73 034 ha planted with eucalyptus and 10 374 ha with other species	Chinese Forest Certification Council certificate for 85 254 ha; FSC for 90 286 ha	Mosaic landscape including agricultural crop fields, forest plantations and settlements. No native ecosystems are found in the leased lands. Areas totalling around 1 300 ha are protected (including 184 ha of public benefit forest), consisting of steep slopes, buffer zones and other important areas for watershed protection.
Wood Supply Eastern Europe, Czech Republic	144 374 ha	PEFC	38 300 ha within a landscape protection area, including a 1 895 ha bird reserve within the Natura 2000 programme. Other small-scale nature reserves totaling 950 ha.
Montes del Plata plantations and lands, Uruguay (joint venture with Arauco)	31 675 ha, of which 25 568 ha planted	FSC for 22 635 ha, of which 22 095 ha planted	Mainly pasturelands and agricultural fields. Protected and sensitive areas are excluded from lease agreements.
Trial plantations, Laos	2 200 ha, of which 1619 ha planted		The plantations are located within a mosaic of intensive shifting cultivation lands and traditionally protected remnants of native forests. One plantation area is located close to a National Biodiversity Conservation Area. The majority of the total area is covered by agroforestry production schemes.

¹ Including units where Stora Enso's shareholding is at least 50%.

Environment and Efficiency



In our Environment and Efficiency Lead Area we strive to ensure that our resource efficient operations and products have superior environmental performance throughout their lifecycle. We strive to continuously improve the energy, material and water efficiency of our operations and business models, in order to enhance business benefits and save natural resources and financial resources.

We believe that many key solutions for limiting climate change and other environmental challenges will be based on the use of renewable raw materials, cleaner and more energy efficient production processes, and sustainable forest management practices. Our ultimate “Vision Zero” is of an industry with no waste to landfill, no harmful air emissions, and no wastewater discharges. We realise that this ideal cannot be achieved soon, but this vision nevertheless helps us to take the right steps forward through continuous improvements.

Our key environmental targets direct us to reduce our carbon dioxide (CO₂) emissions and process water discharges, while also steering us towards continuous improvements in the material efficiency of our operations. We monitor our progress towards these targets and other indicators of our environmental performance on a quarterly basis, and report our consolidated results every year in this Global Responsibility Report.

All of our units have operational responsibility for their own environmental management. Stora Enso has management systems in place to ensure that all our units adapt the relevant best environmental practices. All Stora Enso’s pulp, paper and board production units are certified according to the ISO 14001 management system standard. For a full list of our mills and their certifications see pages 66-68 or www.storaenso.com/certificates.

Stora Enso’s divisions and other key functions have their own respective environmental specialists who coordinate environmental issues, manage environmental liabilities, and cooperate with the respective environmental authorities, federations and lobbying organisations.

Our mills regularly provide training on environmental issues for their employees. Stora Enso’s Code of Conduct also reminds our employees of their environmental responsibilities in their everyday work. For more information on our Code of Conduct see page 43. We also frequently organise broader sustainability training sessions for our employees, customers and local communities in our operational areas.

While our own operations play a major role in the value chains of our pulp, paper, paperboard and solid wood products, we also strive to enhance environmental performance along our whole value chain in order to continuously improve our sourcing and the overall environmental performance of our final products. Our responsibility requirements for suppliers and the sustainability audits we conduct at suppliers’ facilities both include strict environmental criteria.

Climate actions

Stora Enso is constantly working to reduce carbon dioxide (CO₂) emissions along the company’s value chain. This involves promoting sustainable forestry, creating innovative products based on renewable raw materials, and developing cleaner and more efficient processes and operations.

Stora Enso also actively participates in global discussions related to climate change. In 2013 we were a sponsor at the World Climate Summit 2013 held in Warsaw, Poland. This summit brought together business representatives, global institutions and government leaders to discuss solutions, actions and policies to mitigate and adapt to climate change. At the summit, Stora Enso highlighted the role that renewable packaging and recycling systems can play in enhancing resource efficiency globally. Stora Enso’s Ostrołęka Mill, located near Warsaw, makes packaging products that are exclusively based on recovered paper and packaging.

Targeting a 35% reduction in CO₂ intensity

Most of the greenhouse gas emissions generated by our operations come from the energy we purchase and produce at our mills. The most effective way for us to reduce our fossil CO₂ emissions is to further improve our energy efficiency and to increase the share of bioenergy in our total energy use.

In 2011 we updated our previous target for reducing our fossil CO₂ emissions, and we now aim to reduce emissions per saleable tonne of pulp, paper, and board by 35% from 2006 levels by the end of 2025. This CO₂ intensity target covers both emissions generated directly by our own facilities (Scope 1), and indirect emissions produced during the generation of the electricity and heat we purchase (Scope 2).

In 2013 our CO₂ emissions per saleable tonne of pulp, paper, and board were 28% lower than the 2006 benchmark level, so we are on our way towards reaching our target.

Reductions in our CO₂ intensity in previous years have been achieved through investments in biomass boilers that have reduced our use of fossil fuels, and through increases in our internal production of power and heat. Other contributing factors have included improved productivity, the use of more efficient equipment, and streamlined processes. This declining trend was disrupted in 2013, mainly due to the increased use of fossil fuels at our Ostrołęka Mill in Poland and Maxau Mill in Germany.

We were not able to continue to reduce our direct fossil CO₂ emissions during 2013, either in absolute terms or per unit of sales production. Since 2006 we have reduced our direct CO₂ emissions from stationary combustion sources at our pulp, paper and board mills by 14% per unit of sales production.

Our indirect CO₂ emissions are significantly influenced by the energy mixes used in the national grids of the countries where we operate. The fossil CO₂ emissions resulting from the generation of the energy we purchased for electricity and heat during 2013 were 43% lower per unit of sales production than in 2006.

Forests and the climate

Wood is our most important raw material, and the benefits of using forest biomass are manifold. Sustainable forest and plantation management plays a vital role in mitigating global warming. Trees absorb carbon dioxide from the atmosphere and store the carbon it contains. Carbon is also stored in harvested wood products. As long as forests and plantations are managed sustainably, new generations of trees will grow back after mature trees are logged, absorbing more CO₂ from the atmosphere. Wood can also be used as a substitute for carbon-intensive and non-renewable raw materials. Sustainable forest management also helps to maintain other valuable features of forests, such as biodiversity.

We promote forest certification and chain-of-custody certification schemes to guarantee that all our wood originates from sustainably managed forests and tree plantations. We also actively combat illegal logging, which is one of the causes of forest loss and degradation, threats to biodiversity and distorted markets for wood. Our tree plantations sequester more carbon than the previous land uses, especially in Latin America, where our plantations have almost entirely been planted on modified grasslands and degraded pasturelands. We actively restore and conserve areas of Atlantic rainforest in and around tree plantations we own through our joint venture Veracel in Brazil. For more information about our approach to sustainable plantation management see pages 47-53.

Risks and opportunities

We recognise a strategic opportunity in the fact that all Stora Enso's products are based on renewable materials with a comparatively low carbon footprint. Examples include our renewable packaging and wood-based construction solutions. In many cases these products can be used as substitutes for fossil fuel-based materials. We believe that the market for these products will continue to grow. For more information about our product development see pages 16-18.

EU climate and energy policies, such as the Renewable Energy Directive, emphasise the potential for biomass-based energy production in many sectors of society including industry, transport and housing. Stora Enso works widely with forest biomass, and we can be an important contributor in the context of enabling new forms of biomass-based energy production.

Due to the energy-intensive nature of our operations, we are subject to risks related to climate change and costs related to energy and climate regulations. Climate change is expected to increase the frequency of extreme weather events such as storms, flooding and droughts in many regions. Storms can result in serious wind damage to forests, often leading to the short-term oversupply of timber, but reduced supply in the medium term.

For a full description of Stora Enso's most material risks and opportunities related to climate change see www.storaenso.com/climate.

Managing risks related to climate change

Stora Enso evaluates risks and opportunities related to climate change according to the enterprise risk management process as part of our Group-wide risk and opportunity assessment work. This process forms an integral part of our management approach.

Stora Enso's business units also follow regulatory requirements regarding environmental risk assessment. Through third-party-certified systems like ISO 14001 each mill has implemented procedures for the systematic identification of emergency situations and environmental risks, and for dealing with related effects.

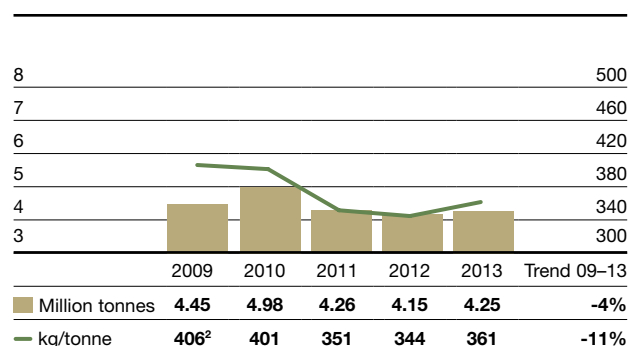
The EU emission trading system

The European Union's emission trading system (ETS) is a cornerstone of the EU's efforts to combat climate change, and a key tool for the cost-effective reduction of industrial greenhouse gas emissions. The ETS in effect imposes a cost on all CO₂ emissions.

The ETS affects Stora Enso in two main ways. Firstly, it can be expected to further intensify the competition for biomass, which may lead to higher wood prices. Secondly, the ETS will also indirectly increase energy generation costs for our electricity suppliers when emission allowances have been completely purchased from 2013 onwards.

During the second commitment period of 2008–2012 the EU ETS impacted Stora Enso indirectly through European energy prices. At the same time we were able to profit by selling emission allowances allocated to us due to the forest industry's carbon leakage status. Carbon leakage status has been granted for industries where it is expected that costs related to climate policies would cause businesses to transfer production to countries with laxer constraints on greenhouse gas emissions. Carbon leakage status has also been granted to the forest industry for the period 2013–2014, but if this status changed for

Our fossil CO₂ emissions¹



¹ Covering direct and indirect fossil CO₂ emissions (Scope 1 and 2) from pulp paper and board production facilities. Normalised figures are reported per unit sales production.

² Figures recalculated due to changes in baseline or reporting errors.

the period 2015–2019, Stora Enso would have to start purchasing allowances leading to additional costs estimated at EUR 42 million if the system's prices are at EUR 5 per tonne of CO₂ emissions.

We consistently calculate the financial impacts of potential price increases on emission allowances, including the financial impacts on our business in case of energy price increases. For more information on the financial impacts of emission allowances and on risks related to raw material and energy prices see note 5 and note 25 in our Financial Report: www.storaenso.com/annualreports.

Calculating our carbon footprint

Since 2007 we have estimated our Group-wide carbon footprint on an annual basis, with the aim of identifying the main sources of fossil CO₂ emissions across our operations.

We base our carbon footprint accounting on guidelines provided by the Greenhouse Gas Protocol of the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Our accounting concentrates on fossil CO₂, which is the dominant greenhouse gas in our carbon footprint, but emissions of other greenhouse gases are also included where data is available.

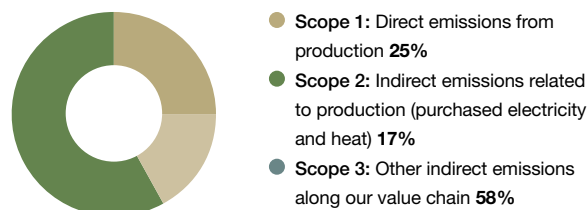
We report on our greenhouse gases in three areas:

- Scope 1: Emissions from sources we directly own or control, including on-site energy generation and processes, power boilers, lime kilns, paper-drying processes, vehicles, engines and harvesting equipment.
- Scope 2: Emissions related to the purchased electricity and heat consumed in our operations.
- Scope 3: Emissions from other indirect sources along our value chain as CO₂ equivalent estimates. The main sources of our Scope 3 emissions are:
 - the transportation and harvesting of wood by our contractors
 - the manufacturing and transportation of other raw materials we use
 - the transportation of our products to customers
 - the further processing of our products by customers

For the fourth consecutive year Stora Enso achieved a high rating in the Carbon Disclosure Project's Nordic 260 Climate Disclosure Leadership Index (CDLI) in 2013. This annual index highlights those companies listed on the Nordic stock exchanges that have displayed a strong approach to the disclosure of information regarding climate change.

Total carbon footprint 2013¹

11.21 million tonnes of fossil CO₂ equivalent



Total carbon footprint 2009–2013¹

Emission source		Fossil CO ₂ equivalent (million tonnes)				
		2013	2012	2011	2010	2009
Stationary and mobile combustion sources (direct)	Scope 1	2.78	2.66	2.90 ²	3.19 ²	2.55 ²
Purchased electricity and heat (indirect)	Scope 2	1.95	1.96	1.85	2.26	2.27
Other sources (indirect)	Scope 3	6.48	6.65	6.71 ²	6.86 ²	6.12 ²
		11.21	11.27	11.46	12.31	10.94

¹ Covers all Stora Enso production units.

² Figures recalculated due to changes in baseline or reporting errors.

Energy

Stora Enso's operations are based on the processing of renewable resources. The most energy intensive phase in Stora Enso's value chain is the production processes of our paper and board products. Mechanical pulp production and paper and board machines particularly consume vast amounts of heat and electricity. It is therefore essential for our success that we have access to a reliable energy supply at reasonable cost.

Energy procurement and generation

Stora Enso generates steam and electricity internally for use at our production facilities, and we also purchase fuel, electricity and heat from external suppliers. Our energy procurement and generation strategy focuses on our long-term needs.

Existing contracts and our internal electricity generation capacity are estimated to cover around 84% (87% in 2012) of our electricity needs for the next 5 years. In 2013 our total energy self-sufficiency figure increased to 60% (57%).

Energy generated by Stora Enso

In 2013 the share of biomass in our internal energy production decreased slightly to 77% (78%). Pulp and paper production results in by-products such as black liquor, bark, and differ-

ent kinds of sludge. These materials together with harvesting residues and recovered wood all constitute important biomass sources for our internal energy generation. In 2013 our electricity self-sufficiency level increased to 39% (36%).

Procurement and partnerships

Stora Enso strives to secure and enhance access to cleaner energy through strategic partnerships with external energy suppliers. In 2013 some 82% (81%) of our purchased electricity was generated from low-carbon sources including nuclear energy and renewable energy.

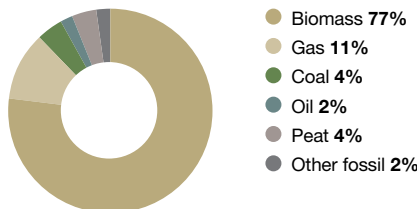
Our approach to energy procurement and energy generation is described in detail in our Energy Guidelines, which are available at: www.storaenso.com/sustainabilitypolicies.

Energy efficiency makes economic sense

Energy efficiency is a top priority for Stora Enso. Energy accounted for 13% (13%) of Stora Enso's raw material and service costs in 2013. Our energy consumption is also the greatest source of our CO₂ emissions, so improving our energy efficiency is a vital way to reduce our climate impact. See pages 55-57 for further information on the risks and opportunities relating to climate change as well as information on our carbon footprint.

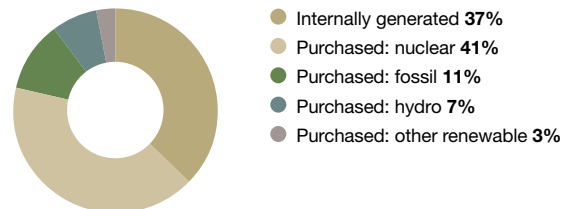
Stora Enso's energy supply is managed utilising long-term contracts, direct market access through energy exchanges, efficient combined heat and power production, and partnerships

Fuels¹



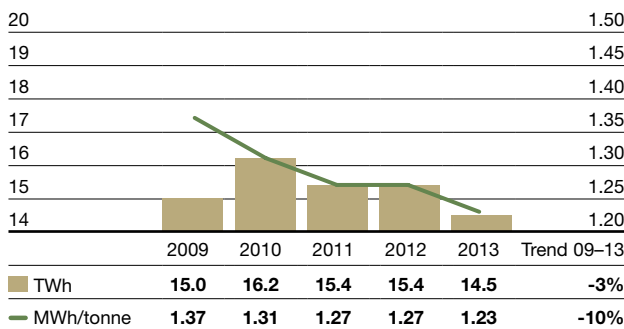
Our total annual fuel consumption was 155 529 terajoules (TJ) in 2013 (153 922 TJ in 2012). 1 TJ = 10¹² joules.

Electricity¹

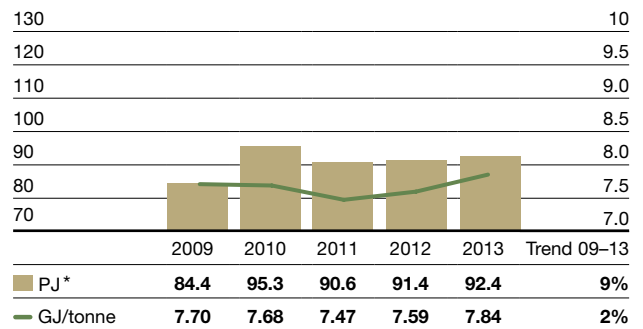


We generated and purchased 15.2 terawatt hours (TWh) of electricity in 2013 and consumed 14.5 TWh. 0.7 TWh was sold. TWh (terawatt hour) = 10⁹ kilowatt hours.

Electricity consumption¹



Heat consumption^{1,2}



¹ Figures cover our pulp, paper and board production facilities. Normalised figures are reported per unit of sales production.

² Excluding heat used for electricity generation. * 1 PJ = 10¹⁵ joules.

with competitive power generators. We strive to minimise the impacts of energy price volatility by using a portfolio approach in combination with hedging as necessary.

An ambitious energy efficiency strategy

Stora Enso follows a structured approach to energy management, which is implemented by Stora Enso's energy services function.

The cornerstone of our energy efficiency strategy is our global energy target. Our Group-wide target is to reduce our specific electricity and heat consumption per tonne of pulp, paper and board production by 15% by 2020 compared with the baseline year of 2010. In 2013 this indicator was 3% lower than 2010 benchmark level.

To help us reach our target we have set up an internal team of energy efficiency specialists, an Energy Forum Network, various topic specific energy campaigns and a centralised energy efficiency fund. These measures are discussed in more detail below.

Managing energy efficiency

Stora Enso's Energy Services function is responsible for procuring energy, including fossil fuels, and hedging with regard to energy prices, as well as the trading of green certificates and the monitoring of emission trading trends. The team also ensures that our energy efficiency strategy is duly implemented.

The Energy Services function is headed by the Vice President, Energy Services. Its energy efficiency manager is responsible for coordinating and steering our energy efficiency work and promoting the spread of related information. Stora Enso's internal team of energy efficiency specialists help our mills to find and exploit opportunities to save energy.

While the Energy Services function plays an important role by helping mills find ways to optimise their energy use, the mills themselves usually have the best understanding of their processes and the technological requirements for their products. Our mills are therefore ultimately responsible for optimising and rethinking their existing processes so as to maximise their own energy efficiency. The energy efficiency work done at our mills is guided by our internal tools and certified environmental and energy management systems. For a comprehensive list of our certificates see pages 66-68 or www.storaenso.com/certificates.

In 2013 the Group's Internal Audit function evaluated the effectiveness and efficiency of Stora Enso's energy management. The resulting audit report concluded that our energy organisation is focused and well anchored in our business operations. Our energy organisation was also commended for cultivating a performance-based culture and adopting an open approach to communications. The report recommended that the sharing of knowhow and best practices should be improved.

In 2013 we conducted basic energy audits at eleven mills and follow-up audits at nine mills.

Energy forums

To further improve our energy efficiency we have created a network of forums for the largest production units among our Nordic and Continental European pulp, paper and board mills. The fourth forum for our chemical pulp production was introduced in 2013. These forums work together systematically to share best practices and to find ways to improve energy efficiency with regard to targets set for each business area.

Energy efficiency fund

Another cornerstone of our energy work is our centralised energy efficiency investment fund. In 2013, this fund amounted to 10 million euros available for allocation to energy saving investments on an annual basis. The fund was set up in 2008 to support our mills' energy efficiency projects. It was used to support 38 projects during 2013. These projects should generate total energy reductions amounting to at least 223 000 MWh per year (92 000 MWh electricity and 131 000 MWh heat) when in full effect. These figures are equivalent to 0.6% of our annual electricity consumption and 0.4% of our annual heat consumption.

Major investments to improve energy efficiency

In 2013 Stora Enso decided to invest EUR 13.5 million to replace oil with dried sawdust at our Enocell Mill. This investment will enable us to replace over 85% of the fossil fuels used at Enocell with biomass. This is expected to reduce the mill's annual fossil carbon dioxide emissions by 30 000 tonnes and energy costs by EUR 5 million. This project is due to be finalised by the end of 2014.

In 2013 Stora Enso also decided to invest EUR 32 million in building a state-of-the-art biorefinery at Sunila Mill in Finland. The biorefinery will reduce the mill's CO₂ emissions by replacing up to 90% of the natural gas used at the mill with lignin extracted from black liquor.

Environmental impacts from logistics

The most significant environmental impacts associated with our logistical operations are the carbon dioxide emissions generated during the transportation of our raw materials and products. The transportation of our final products accounted for 16% of our total carbon footprint in 2013. The transportation of wood to our production facilities accounted for 4%, while the transportation of other raw materials accounted for a further 4%.

Other environmental impacts related to our logistical operations include emissions of sulphur compounds, nitrogen oxides and noise.

Our logistical operations are mainly performed by external logistics service providers. We actively promote transport solutions with good environmental performance. Our transport chains are always planned in line with our environmental policies and analysed with regard to their environmental footprint.

Our final products are transported by sea, road and rail. Taking into account the weights of product shipments and transportation distances, transportation by sea accounted for 83% of all product transportation in 2013, while road and rail transportation constituted 13% and 4%, respectively.

Emissions to air

Our atmospheric emissions mainly result from the combustion of fuels used in energy generation. These emissions include carbon dioxide (CO₂), sulphur dioxide (SO₂) and nitrogen oxides (NO_x). For details of our progress in reducing these emissions see pages 56-57 and 65.

We are working to reduce our emissions to air by using more renewable energy and by increasing our energy efficiency. SO₂ and NO_x emissions, which affect air quality and cause acid rain and soil acidification, are also controlled through advanced technologies such as scrubbers and boiler process control systems.

Water

In 2013 we continued to participate actively in various international initiatives related to water. These initiatives include the CEO Water Mandate of the UN Global Compact and the work of the World Business Council for Sustainable Development on water risk assessment tools. Stora Enso is also actively participating in the Water Footprint Network and in the development of an international ISO standard for water accounting.

Our assessments of water-related risks in our operations and our supply chain indicate that almost all of Stora Enso's production units are located in regions where water is a relatively abundant resource.

Water management is one of our long-term focus areas covered by Key Performance Indicators in our Global Responsibility work. Our environmental targets include quantitative and qualitative targets for process water discharges. During 2013 we extended these process water discharge targets to 2015 (see page 13).

Water use at our mills

Water plays a central role in our pulp, paper and board production processes. The structure of paper is dependent on water, as hydrogen bonds are needed to keep the wood fibres together. Water is also used for cooling machinery at the mills, for cleaning, and as a carrier of energy in the form of steam. Water is additionally needed as a medium to carry fibres through production processes.

Almost all of the water we use directly comes from lakes and rivers, and around 95% of this total volume is recycled back to the environment. This recycling occurs either after appropriate treatment (for process water), or without treatment where this is not necessary (for cooling water). Stora Enso's approach to water and its use is also described in our Water Use Statement, available at www.storaenso.com/sustainabilitypolicies.

Water also plays a key role in creating the electricity we use and purchase, particularly in hydropower plants. Our mills producing solid wood products additionally need low volumes of water in their manufacturing processes.

Quality of treated process water

All our wastewater streams are carefully purified in our treatment plants before being released back into the natural environment. This is essential, since impurities in water discharges can harm ecosystems in lakes, rivers and other natural water bodies. Stora Enso uses top class wastewater treatment systems to ensure that the water we release is purified, ecologically safe, and meets all regulatory requirements. Our water treatment systems also recycle water within mills where feasible, reducing the need for water intake.

During 2013 our normalised discharges of chemical oxygen demand (COD), calculated per saleable tonne of pulp, paper and board, continued to decline. Since 2007 we have reduced our normalised COD discharges by 10%.

In 2013 our normalised discharges of nitrogen and phosphorus increased. Over the past five years our normalised discharges of phosphorus have increased by 2% and discharges of nitrogen have increased by 11%.

In 2013 we continued to reduce our normalised discharges of Adsorbable Organic Halogen Compounds (AOX). AOX is a collective term for the amounts of chlorine or other halogens bound to organic matter in wastewater. In recent years our discharges of AOX have fluctuated within a range that represents good performance (see page 65). This is because Stora Enso has not used elemental chlorine in its bleaching processes for over 20 years.

Using water efficiently

We strive to continuously reduce water use at our pulp, paper and board mills. Reducing the water demand of our mills helps to improve the energy and material efficiency of our production. The Stora Enso Pulp Competence Centre is currently running a project on water use in our kraft pulp mills in Sweden and Finland, aiming to address the main consumers of water within the mills, and to find ways to reduce water use needs by altering the mills' processes. During 2013 several specific processes designed to improve the efficiency of our water use were under development.

In 2013 despite our efforts the volume of the Group's process water discharges per saleable tonne increased slightly (see page 65). The main reason for this was that our total production volumes decreased slightly during 2013, but total water use did not decrease at the mills correspondingly.

Water use along our supply chain

We also strive to continuously improve water management along our supply chain in order to manage our water-related risks. We require high quality water management from our suppliers as a part of our responsible sourcing, and our expectations on suppliers' water management are emphasised in our Code of Conduct for suppliers which will be finalised during 2014.

Water issues are an integral element in our sustainable forest management and land use. During 2013 Stora Enso and Kemira launched a unique water stewardship project in Guangxi, China, which aims to create benefits for local communities. For more information on this project see page 27, and for more details of our sustainable forest management, including water monitoring with local universities in our tree plantations, see page 49.

Water withdrawal and consumption

	2010	2011	2012	2013	Trend 2010–2013
Total water withdrawal (million m³)¹					
Process water	320	309	306	303	-5%
Cooling water	358	364	322	335	-6%
Total	678	673	628	638	-6%
Process water withdrawal efficiency¹					
m ³ /tonne	25.8	25.5	25.4	25.7	-0.4%
Total water consumption¹					
million m ³	28.1	27.2	25.1	26.5	-6%
m ³ /tonne	2.3	2.2	2.1	2.2	-3%

¹ Including water withdrawals and consumption of our pulp, paper and board production units. Normalised figures are reported per unit of saleable product.

Material efficiency

Our waste reuse rate across the Group in 2013 was 97% (97% in 2012). Stora Enso's production processes generate various wastes, the vast majority of which are reused as residuals. Such materials include biomass fibres, ash from energy production, lime solids from pulping processes, and wastewater treatment sludge. Many of these materials are used for our internal bioenergy production, or for agricultural purposes, brick manufacturing and road construction by our stakeholders. We are constantly looking for new and innovative ways to reuse materials that would otherwise end up as wastes. In 2013 the Group's revenues from these residuals amounted to EUR 11 million.

In our Global Responsibility Strategy and on the basis of our review of our Key Performance Indicators (KPIs) we have decided to discontinue our previous target on waste to landfill, but instead to focus on improving material efficiency as a broader concept. This concept covers waste reduction, the

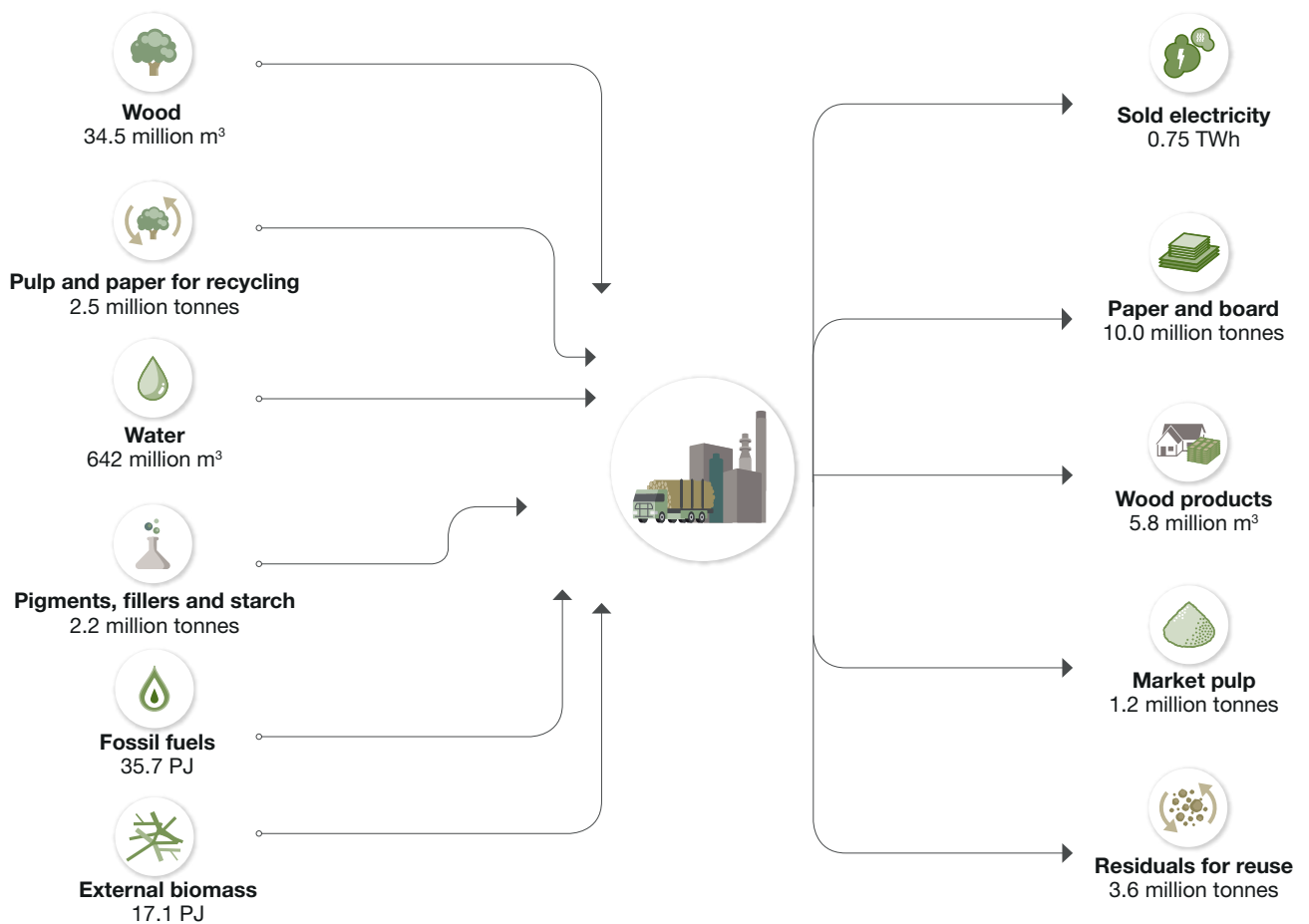
efficiency of our use of raw materials and energy, and business value created from materials currently considered as waste. During 2014 we will continue to develop this concept and the ways we can measure our material efficiency. We will also carry on compiling waste to landfill figures as a performance indicator and continue to report these figures annually in this report.

Hazardous wastes

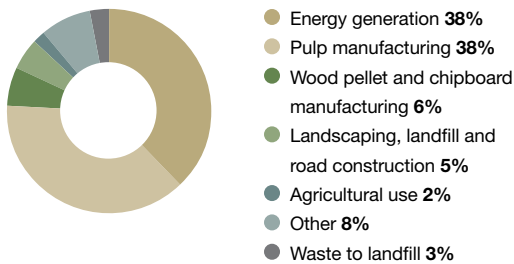
Hazardous wastes from our production include used oils, solvents, paints, laboratory chemicals and batteries. In 2013 Stora Enso's production units created a total of 2 859 tonnes of hazardous waste, down from 4 444 tonnes in 2012.

We dispose of hazardous wastes by ensuring that they are safely processed at hazardous waste facilities or incinerators. We report on our disposal of hazardous wastes in line with definitions set out in respective national regulations. No significant spills, releases or leakages of hazardous wastes occurred in 2013. For a detailed description of environmental incidents in our operations in 2013, see page 64.

Material use in 2013

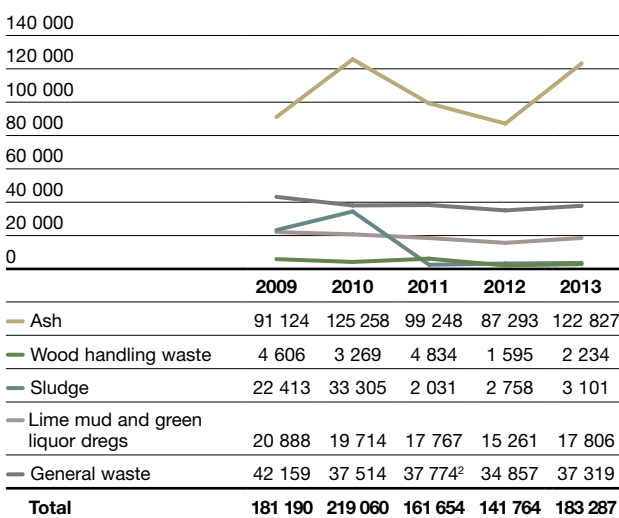


Utilisation of residual materials¹



Group-level waste to landfill¹

tonnes, by category



¹ Covers all Stora Enso production units.

² Figures have been recalculated due to changes in baseline or reporting errors.

Environmental costs, permits and incidents

We plan our environmental investments to increasingly apply the best available technologies for mitigating emissions to air and water, to enhance our resource efficiency, and to minimise the risk of accidental spills. In 2013, Stora Enso's environmental investments amounted to EUR 54 million (EUR 23 million in 2012).

Our environmental costs are related to administrative and operational costs. Environmental operational costs relate to issues including water use and water treatment, air emission abatement measures, and waste management. Administrative costs include, for instance, environmental management, taxes, fees and permit-related costs. Stora Enso's net environmental costs in 2013, excluding interest but including depreciation, amounted to EUR 147 million (EUR 175 million).

Our calculations on environmental provisions estimate that a total sum of EUR 106 million (EUR 114 million) is needed to cover the Group's future environmental liabilities, such as removing mercury and other contaminants from closed mill sites. Whenever a mill is closed down, Stora Enso ensures that the mill site and surrounding area is properly cleaned and restored, in accordance with local laws, regulations, and environmental permits. In 2013, our costs related to environmental remediation measures amounted to EUR 8 million (EUR 10 million). There are currently no active or pending legal claims concerning environmental issues that could have a material adverse effect on Stora Enso's financial position. For more information on our environmental provisions see our Financial Report 2013 (note 23): www.storaenso.com/annualreports.

Our Kemijärvi Pulp Mill in Finland was permanently closed down in 2008. Following an appeal by Stora Enso, the Supreme Administrative Court in August 2013 gave its decision concerning the water treatment lagoon in the environmental permit related to the closure of Kemijärvi Pulp Mill. The Court ordered Stora Enso to remove the majority of the sludge, and returned the case back to the Regional State Administrative Agency with an order obliging Stora Enso to deliver a new action plan by the end of 2014 concerning the removal of the majority of the sludge from the basin at the site. The Agency was also assigned to consider and evaluate the costs to Stora Enso against the environmental benefits achievable if the Agency ordered Stora Enso to remove the sludge. No provisions have been made in Stora Enso's accounts for this case, as currently it is not possible to prepare a reliable estimate of the costs due to lack of a practical solution.

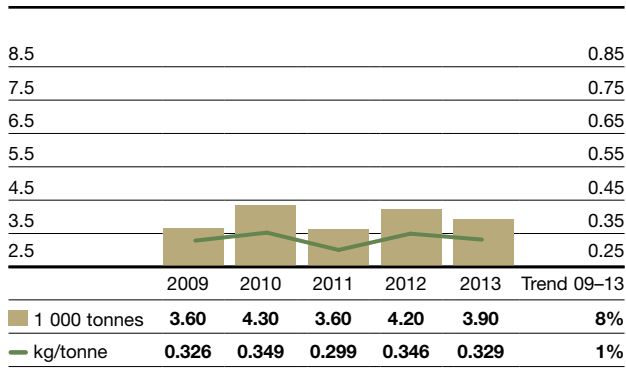
Complying with environmental permits

Each of our mills is regulated by environmental permits based on the national, regional and local legislation applicable to each location. Our mills continuously monitor their own compliance with these permits, as do the appropriate environmental authorities. All of the environmental incidents at Stora Enso mills in 2013 that resulted in major permit violations, claims, compensations or significant media coverage are detailed in the table on page 64.

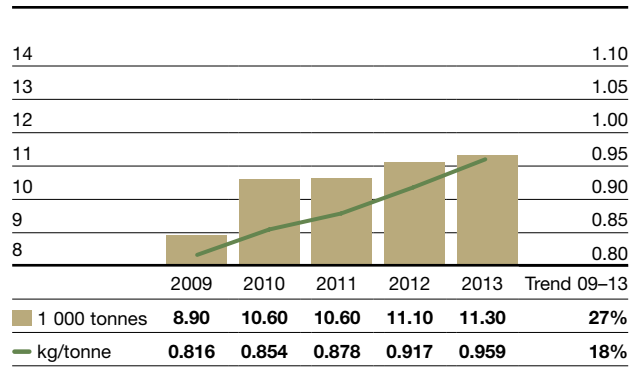
Environmental incidents in 2013

Unit	Incident	Corrective actions
Heinola Fluting Mill, Finland	The permit conditions for COD and BOD were exceeded in February on a monthly level, and for COD again in October.	The local authorities were duly informed. The abnormal emissions occurred due to temporary technical problems in the production process. There were no significant environmental impacts, and no further corrective actions were required by the environmental authorities.
Kvarnsveden Mill, Sweden	The daily limit value for NOx specified in national legislation was exceeded in connection with the shutdown of boiler 8 for annual maintenance.	The local authorities were duly informed. No corrective actions were subsequently required since the excessive emissions only occurred temporarily during abnormal operating conditions.
Langerbrugge Mill, Belgium	Oil leaked into the Gent –Terneuzen Canal during the cleaning of the mill's wrapping machine's conveyor channel, which was inadvertently connected to a rainwater drain instead of the wastewater sewer.	The conveyor channel has been completely closed off from the rainwater sewer and permanently connected to the wastewater sewer.
Skoghall Mill, Sweden	The mill was fined in 2013 for failing to report promptly to the County Board on the installation of new refrigeration equipment in October 2012. The late notification was due to human error rather than any procedural problems.	A fine of 10 000 SEK has been paid to the County Board authority, and the procedure has been reviewed to avoid similar mistakes in the future.
Oulu Mill, Finland	After a maintenance stop, condensate water containing turpentine leaked on two occasions from an inadequately sealed heat exchanger into a cooling water channel and the sea, causing odour problems.	The turpentine accidentally released into the sea was cleaned up using a boom and adsorption materials. The incident was reported to the authorities, together with an action plan including corrective and preventive measures.
Ostrołęka Mill, Poland	Due to the insufficient capacity of the Narew wastewater treatment plant (WWTP), including problems with the temperatures of aerobic process in summertime, and washout from anaerobic reactors, process water discharges have periodically been redirected to the WWTP of Ostrołęka Mill. This temporary measure has resulted in periodical problems with effluent parameters such as COD and total suspended solids (TSS) from the mill's WWTP.	<p>The authorities have requested the mill to keep within its permit levels. Until improvements at the Narew WWTP are completed the discharge parameters will be carefully monitored and the utilisation of both WWTPs will be carefully balanced to optimise the overall treatment effect.</p> <p>The improvements needed at the Narew WWTP will be included in an approved mill extension project due to be completed during August 2014.</p>
Skutskär Mill, Sweden	Approximately 600 tonnes of sulphuric acid leaked into the ground in late June and early July from a chemical tank located on the mill premises in connection with the harbour at Skutskär. The tank is owned and operated by a third party which holds an environmental permit from the authorities.	Investigations of the extent of soil contamination are ongoing. As soon as these investigations are complete, the liable party will commence remediation activities, and procedures and instructions will be updated to prevent future incidents.
Enocell Mill, Finland	In connection with equipment maintenance procedures, some 150 cubic metres of alkaline washing liquid leaked through the rainwater sewage system into a local watercourse due to an overflow of a lime mud filter's vacuum tank. The washing liquid was diluted by rainwater in the system, and part of the leaked material came back into the mill's process water in the raw water intake. Measurements taken in the watercourse showed no changes in the tested values.	All the related control and alert systems were duly examined. Additional physical limit values and additional alerts were established. In future when the control room gets an alert they will check the situation immediately. Routinised weekly checks and new preventive maintenance procedures were added to this part of the process.

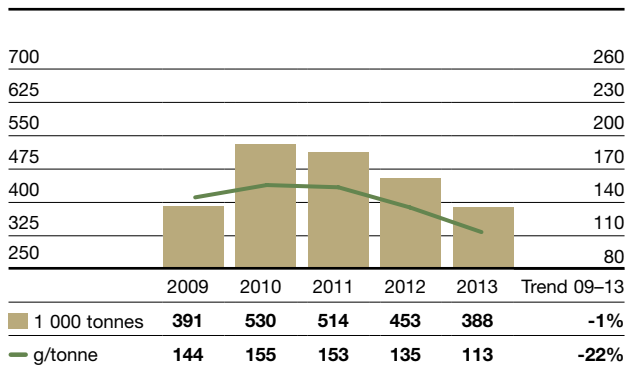
Total sulphur as SO₂¹



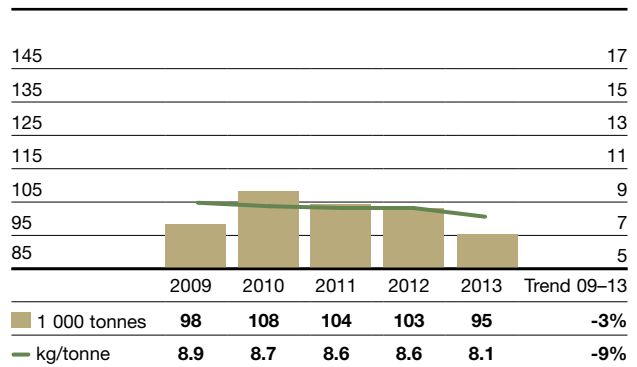
NO_x¹



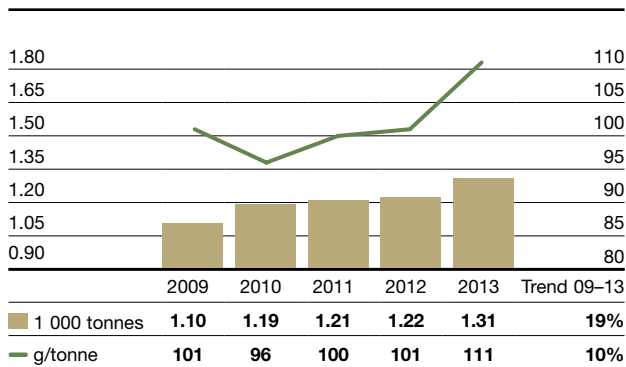
AOX²



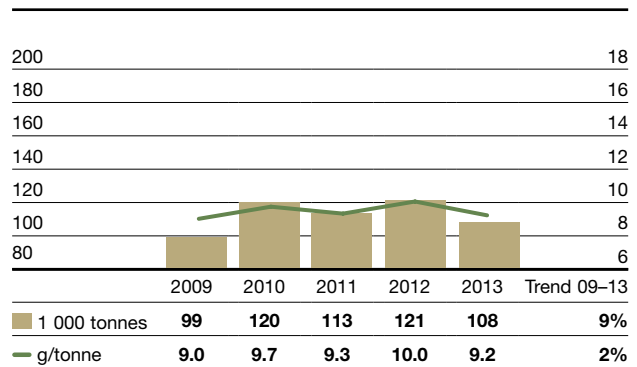
COD¹



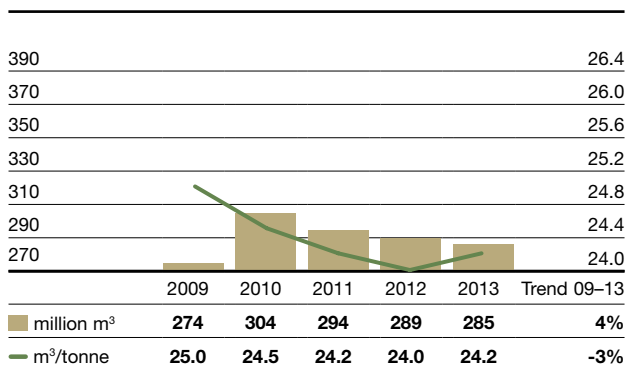
Nitrogen¹



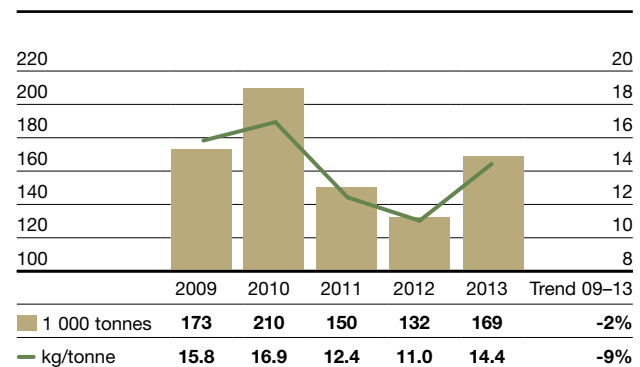
Phosphorus¹



Process water discharges¹



Waste to landfill¹



¹ Figures from pulp, paper and board production facilities. Normalised figures are reported per unit of sales production.

² Figures from bleached chemical pulp production facilities only. Normalised figures are reported per unit of bleached chemical pulp production.

Sustainability data by unit

Unit	Number of Employees ^{a)}	Production ^{b)}	Products	Recovered fibre ^{c)}	Certificates								Waste to Landfill*
					ISO 9001	ISO 14001	ISO 22000	ISO 50001	OHSAS 18001	BRC/IoP/FDA	FSC® CoC	PEFC™ CoC	
Belgium													
Langerbrugge Mill	390	521 968	① ②	x	x	x		x	x	x	x	9 685	
Brazil													
Arapoti Mill	311	164 072	②		x	x		x		x	x	5 120	
China													
Dawang Mill	225	117 713	②	x	x	x		x		x		65	
Dongguan Mill	490	12 029	⑥		x	x		x				91	
Jiashan Mill ^{m)}	53	333	⑥									5	
Qianan Mill	1 404	27 075	⑥		x	x		x				374	
Suzhou Mill	547	226 029	③		x	x		x		x	x	0	
Estonia													
Tallin Mill	37	4 054	⑥		x		x					14	
Finland													
Anjalankoski Mill	356	604 336	① ④		x	x	x ^{p)}		x	x	x	469	
Enocell Mill	171 ^{h)}	448 453	⑥		x	x			x	x	x	361	
Heinola Fluting Mill	186	264 347	⑥		x	x	x		x	x	x	1 245	
Heinola Mill	153 ^{h)}	42 552	⑥	x	x	x		x				50	
Imatra Mills	1 250 ^{h)}	1 135 379	④ ⑤ ⑥		x	x	x	x	x	x	x	7 488	
Kristiinankaupunki Mill	53	5 514	⑥		x	x		x				0	
Lahti Mill	176	13 845	⑥		x	x	x		x			29	
Oulu Mill	668 ^{h)}	1 114 611	③ ⑤ ⑥		x	x		x		x	x	93	
Ruovesi Mill	32	552	⑥		x	x	x		x			8	
Sunila Mill	198	349 600	⑥		x	x		x		x	x	4 066	
Varkaus Mill	274 ^{h)}	306 462	③ ⑤		x	x		x		x	x	1 268	
Veitsiluoto Mill	722 ^{h)}	732 462	② ③		x	x		x		x	x	2 229	
France													
Corbehem Mill	343	216 035	②		x	x		x		x	x	1 898	
Germany													
Kabel Mill	595	382 293	②		x	x		x	x	x	x	0	
Maxau Mill	466	493 621	②	x	x	x		x	x	x	x	0	
Sachsen Mill	282	303 240	①	x	x		x	x		x	x	241	
Uetersen Mill	414	210 895	③		x	x		x	x	x	x		
Hungary													
Komárom Mill	122	6 739	⑥		x	x						3 414	
India													
Chennai Mill	429	9 600	⑥		x	x						32	
Latvia													
Riga Mill	142	47 219	⑥		x		x					54	
Lithuania													
Kaunas Mill	47	8 271	⑥		x		x					6	
Poland													
Łódź Mill	217	61 974	⑥		x	x	x		x	x	x	118	
Mosina Mill	98	8 653	⑥		x	x	x		x	x	x	74	
Ostrołęka Mill ⁿ⁾	1 056	240 056	⑥	x	x	x		x	x ⁱ⁾	x	x	21 601	
Ostrołęka Narew Mill ^{m)}	179	276 391	⑥	x								55 441	
Tychy Mill	140	48 601	⑥		x	x	x		x	x	x	15	
Russia													
Arzamas Mill	179	35 599	⑥		x		x					245	
Balabanovo Mill	335	42 875	⑥		x		x					382	
Lukhovitsy Mill	131	34 810	⑥		x		x					168	
Spain													
Barcelona Mill	228	164 245	④	x	x	x		x		x		7 273	
Sweden													
Falu Rödfärg	j)		⑥		x	x							
Fors Mill	663	357 601	④		x	x	x	x	x	x	x	148	
Hylte Mill	635	536 938	①	x	x	x		x	x	x	x	38 505	
Jönköping Mill	204	25 448	⑥		x	x		x				14	
Kvarnsveden Mill	767	717 287	① ②		x	x		x		x	x	69	
Nymölla Mill	621	429 442	③ ⑤		x	x		x	x	x	x	134	
Skene Mill	152	35 816	⑥		x	x						30	
Skoghall Mill	764	738 731	④		x	x	x		x	x	x	3 143	
Skoghall Mill Forshaga	80	58 923	④ ⑥		x	x	x		x	x	x	0	
Skutskär Mill	356	517 227	⑥		x	x		x		x	x	873	
Vikingstad Mill	56	17 743	⑥		x	x						9	
Corenso													
Corenso (Pori) Coreboard Mill	88	115 734	⑥	x	x	x		x				283	
Corenso France (Saint Seurin sur l'Isle) Coreboard Mill	88	81 495	⑥	x	x	x		x				3 589	
Corenso North America (Wisconsin Rapids) Coreboard Mill	66	187 440	⑥	x	x	x		x				281	
Corenso core factories	722	81 340	⑥		k)	k)	k)	k)	k)	k)	k)	4 147	
Total pulp, paper, board and converted products		12 583 668										170 700	
Stora Enso Building and Living													
Sawmills ^{l)}		5 960**	⑦		o)	o)	o)	o)	o)	o)	o)	8 438	
Grand total												183 285	

a) Yearly average.

b) Sales production. Sawn timber is reported in m³, other products in metric tonnes.

c) Mills using recovered fibre as raw material (fully or partly).

d) Reported on the basis of country-specific definitions applied in national regulations.

e) Total sulphur is reported as sulphur dioxide (SO₂) equivalent, but includes all sulphurous compounds.

f) All CO₂ figures are calculated using the WRI/WBCSD Greenhouse Gas Protocol. Direct emissions from internal transport are excluded.

g) Indirect emissions from purchased heat and electricity.

h) This figure does not include service company personnel.

i) Covers kraft paper production.

j) Does not have its own personnel, but hires personnel from Stora Enso AB.

k) See www.storaenso.com/certificates.

l) Includes all Building and Living units, except Hartola and Pälkäne units.

m) Units opened during 2013, data does not cover the full year.

n) All energy related figures includes also Ostrołęka Narew Mill.

o) See the separate table for Building and Living Units.

p) Covers consumer board production at Ingerois Mill.

Hazardous Waste ^{d)} *	SO ₂ *	NO _x as NO ₂ *	Direct CO ₂ fossil ^{f)} *	Indirect fossil CO ₂ ^{g)} *	Direct CO ₂ biomass ^{h)} *	COD*	AOX*	Phosphorous*	Nitrogen*	Process water discharge**
71	12	289	71 683	67 316	544 093	910	1.0	4.5	8.0	6 367
	0	130	16 702	24 940	102 348	438				2 727
0				123 761		73			1.4	1 262
85	0	0	183	6 624						15
0				152						3
6				25 608						1 235
121	373	393	139 405	87 750		44		0.4	3.9	
				844						2
42	13	264	152 001	171 888	110 655	2 369		2.5	143.8	9 715
34	150	855	45 359		1 417 965	8 026	61.5	3.5	55.0	23 578
51	405	471	141 198	13 797	214 603	1 446		1.9	11.8	3 497
7				1 764						119
356	215	2 226	156 374	94 326	2 055 679	17 778	138.0	12.0	195.9	60 489
0			107	122						1
74				2 416						13
115	409	1 269	259 326	50 788	1 273 852	10 524	38.0	8.3	93.7	18 180
12	2	1	311	106						1
68	51	718	49 043		745 251	6 331	58.8	6.8	33.7	15 824
124	154	622	65 096	13 412	655 700	2 675	15.5	5.3	61.2	12 367
39	726	1 161	295 283	59 313	1 171 595	10 560	21.2	9.0	225.9	10 709
116	0	31	43 697	16 899		433	0.4	2.1	0.0	4 975
136		13	14 671	337 922		664	0.4	5.2	39.5	5 571
	13	312	180 912	193 741	273 974	1 651	0.3	2.6	8.3	5 501
56	5	150	175 346	6 704	51 105	738	0.5	0.7	4.0	3 455
37		20	64 738	48 127		34	0.2	0.0	0.6	1 121
			499	1 400						2
8	248	4	1 205	643	3 756	0				0
			1,96	4 368						11
0				1 492						2
3	0	3	2 961	6 485						19
30			429	1 957						
6	70	207	371 029	146 559	235 766	724		1.1	21.2	4 680
						193		0.5	3.8	1 359
3			2 350	3 627						11
	1	3	3 129	12 256						26
	1	3	4 595	20 339						30
	0	3	2 604	12 116						20
39		109	191 497	0		359				1 222
24	1		505	9						
71	2	123	4 927	13 974	236 388	1 915	0.2	1.2	23.2	4 348
140	0	123	13 997	15 688	226 640	1 021	1.0	2.6	27.0	6 014
20	1		548	148						
236	32	137	37 987	64 390	305 554	2 553	1.1	1.8	72.9	10 443
97	529	562	-10 499	8 954	578 616	8 951	0.9	10.7	79.8	26 404
2	0		9	258						
180	189	431	55 568	25 434	867 802	8 212	11.0	6.2	86.1	23 240
3			15	83						
9	522	689	9 125	7 610	1 602 630	5 518	43.4	19.2	106.3	18 512
2	2		1 253	13						
15	0		0	24 708		235		0.1	3.5	667
26			18 167	1 380		140				589
11			4 529	16 553						6
				43 979		451				1 110
2 475	4 126	11 322	2 587 866	1 738 764	12 673 972	94 515	393	108	1 311	284 332
385	32	391	5 438	169 920	356 730	563	0	5.0		278
2 859	4 158	11 713	2 593 304	1 952 663	13 030 702	95 529	393.4	113.3	1 310.7	285 720

Products: ① newsprint ② magazine paper ③ fine paper ④ board and packaging paper ⑤ market pulp
 ⑥ converted products (e.g. cores, corrugated board) ⑦ wood products ⑧ red paint pigment

* tonnes ** 1 000m³

The figure 0 (zero) in the table signifies that such discharges, emissions or wastes do not occur or only occur below detection limits.
 Where cells are left blank this signifies that the parameter is considered as not relevant for that unit.

Unit	Number of employees	Sawn products**	Capacities 2013					Certificates					Waste to landfill*	Hazardous waste dj*	SO2*	NOx as NO2*	Direct CO2 fossil e)*	Indirect CO2 fossil f)*	CO2 renew *	CO2 onsite transport	
			Further processed products**	CLT**	Pellets****	ISO 9001	ISO 14001	OHSAS 18001/AUVA	FSC® CoC	PEFC™ CoC											
Austria																					
Bad St. Leonhard Sawmill	243 ^{a)}	390	290	60			x	x		x	11	49			4			0			1 331
Brand Sawmill	217	470	290				x	x		x	22	25			6			0			2 069
Sollenau Sawmill	145	300	270				x	x		x	2	8			3			0			1 078
Ybbs Sawmill	329 ^{a)}	590	420	60			x	x	x	x	40	47			8			0			2 500
Czech republic																					
Plana Sawmill	223	340	270					x	x		311	57	1	47				8 159	29 480		2 004
Zdirec Sawmill	288	550	270				x		x	x	2 512	32	0	40				3 985	59 964		2 212
Estonia																					
Imavere Sawmill	332	350	190		100		x	x	x	x	1 936	48	0	45				52 118	64 123		1 827
Näpi Sawmill	113	75	130		15		x	x	x	x	95	2	0	8				10 607	4 514		371
Finland																					
Honkalahti Sawmill	142	310	90				x	x	x	x	618	3		33	439			5 848	53 253		763
Kitee Sawmill	98	260	120				x	x	x	x	27	11		30				3 787	37 716		
Uimaharju Sawmill	89	280	35				x	x	x	x	67			1	1 791			2 297	616		976
Germany																					
Pfarrkirchen Mill	108		160				x	x	x		41	14	2	15				0		7 153	319
Latvia																					
Launkalne Sawmill	106	200					x	x	x	x	134	7	3	31				11 268	16 417		816
Lithuania																					
Alytus Sawmill	183	180	90				x	x	x	x	1 662	19		12				12 379	19		988
The Netherlands																					
Amsterdam Planing Mill	48		110				x	x	x	x	17	1						1 091			27
Poland																					
Murow Sawmill	178	70	20						x		26	2	1	5				2 729	3 674		502
Russia																					
Impilahti Sawmill	112	120			25		x	x	x	x	94	0	0	4				14 905	9 274		35
Nebolchi Sawmill	184	220	30		25				x	x	800	0	0	18	145			29 879	16 045		
Sweden																					
Ala Sawmill	168	375	40				x	x	x	x		19		41				185	54 482		1 748
Gruvön Sawmill	99	420	150		100		x		x	x		29	1		3 062			5 587			1 654
Grand total		5 500	2 975	120	265						8 415	373	8	351	5 437			164 824	356 730		21 220
Integrated mills																					
Veitsiluoto Sawmill	20	200					x	x	x	x	18	0	19	21				2 676			
Varkaus Sawmill	68	260					x	x	x	x	4	1	4	18				2 418			
Pälkäne unit ^{b)}	35						x	x	x	x											
Hartola unit ^{c)}	35						x	x	x	x											

- a) Including CLT production.
b) Element construction capacity at Pälkäne 120 000 m³.
c) Module construction capacity at Hartola 1 000 modules.
d) Reported on the basis of country-specific definitions applied in national regulations.
e) All CO2 figures are calculated using the WRI/WBCSD Greenhouse Gas Protocol.
f) Indirect emissions from purchased electricity and heat.

* tonnes ** 1 000m³ *** 1 000 tonnes

The figure 0 (zero) in the table signifies that such discharges, emissions or wastes do not occur or only occur below detection limits. Where cells are left blank this signifies that the parameter is considered as not relevant for that unit.

External recognition

Carbon Disclosure Leadership Index



Stora Enso was included for the fourth consecutive year in the Carbon Disclosure Project's (CDP) Nordic Carbon Disclosure Leadership Index (CDLI) for our reporting on carbon emissions. www.cdproject.net

UN Global Compact Stock Index

In 2013 Stora Enso was selected for inclusion in the United Nations Global Compact 100, a new global stock index that combines corporate sustainability and financial performance. <http://unglobalcompact.org>

STOXX® Global ESG Leaders indices



Stora Enso was included for the third consecutive year in the STOXX® Global ESG Leaders indices, which list leading global companies in terms of environmental, social and governance criteria. www.stoxx.com

FTSE4Good Index



Stora Enso has again been included in the FTSE4Good Index Series, where we have been listed since 2001. The FTSE4Good Index Series has been designed to objectively measure the performance of companies that meet globally recognised corporate responsibility standards. www.ftse.com/Indices

RobecoSAM Sustainability Award



Stora Enso has qualified for inclusion in RobecoSAM's 2014 Sustainability Yearbook and received the Bronze Class distinction for excellent sustainability performance. The Sustainability Yearbook lists the world's most sustainable companies in each industry as determined by their score in RobecoSAM's annual Corporate Sustainability Assessment (CSA). www.robecosam.com

World's Most Ethical Companies



Stora Enso was named by the Ethisphere Institute as one of the World's Most Ethical Companies in 2013. This institute is dedicated to the study, creation and sharing of best practices in ethics, compliance, and corporate governance. <http://ethisphere.com>

Supporting the UN Global Compact

Stora Enso supports the ten principles of the UN Global Compact, a United Nations initiative set up to encourage businesses worldwide to embed responsibility into their business operations. We respect and promote these principles throughout our operations. During 2013 we were also involved in the development of the UN Global Compact's Sustainable Agriculture Principles (SABSs).

The table on right lists the ten principles of the UN Global Compact and specifies where information on how we address these issues can be found in this report.

The CEO Water Mandate

Stora Enso is a signatory to the UN Global Compact's CEO Water Mandate, a public-private initiative designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices. The table below lists the six core elements of the CEO Water Mandate and specifies where information on how we address these issues can be found in this report.

Element	Pages
Direct Operations	22-23, 26-34, 48-49, 60-61
Supply Chain and Watershed Management	48-49, 55, 60-61
Collective Action	15, 48-49, 60-61
Public Policy	48-49, 60-61
Community Engagement	27-28, 30, 34
Transparency	60-61, 65

UN Global Compact principles

Human Rights	Pages
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	19-20 and 43-46
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	19-20 and 43-46
Labour Standards	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	19-20, 39 and 43-46
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.	19-20, 31 and 45-46
Principle 5: Businesses should uphold the effective abolition of child labour.	19-20, 31 and 45-46
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	38, 43-46
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges.	47-51 and 54-63
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	16-17, 21, 48-51 and 54-63
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	16-17, 48-51 and 54-63
Anti-corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	43-44

Verified reporting in accordance with the Global Reporting Initiative (GRI)

This report has been prepared in accordance with the G4 sustainability reporting procedures defined by the Global Reporting Initiative (GRI). The report corresponds to the 'Comprehensive' level in the G4's reporting standards. This means that our reporting covers all the Standard Disclosures of the G4 framework and all the sustainability aspects we have identified as material in our operations. In our materiality review we have identified all the aspects of G4's reporting standards, except the aspect on customer privacy, as material to the Stora Enso Group's Annual Report in 2013.

The index table on the following pages lists our Standard Disclosures with reference to G4 categories, aspects and indicators, and refers to the pages where these issues are addressed in our annual reporting and/or other information channels.

We believe that following the GRI guidelines is the best way to offer transparent and reliable information about our efforts on all the vital aspects of sustainability. Stora Enso has applied the GRI guidelines in the Group's annual sustainability reporting since 2003.

Scope of the external assurance

This report has been assured by an independent third party assurance provider, in accordance with the voluntary external assurance practices of sustainability reporting. The assurance statement for the report appears on page 76.

The scope of external assurance includes the compliance with the G4 'In accordance' criteria at the 'Comprehensive' level, all Standard Disclosures of the G4 framework identified as material, the materiality review process of this report, and all the statements and data related to the sustainability aspects identified as material. The external assurance of this report does not include disclosures that are based on information in the Financial Report covered by the Statutory Financial Audit. Reported quantitative data and the process applied to compile data on joint ventures do not come within the scope of the assurance engagement.

Disclosure on management approach

Stora Enso's generic management approach to Global Responsibility covers all of the aspects of the G4 framework identified as material. Our approach is described on pages 8–11 of this report. We also report specific information on our management approach for those aspects where we see this additional information as relevant for assessing our impacts and management approach. The index table refers to the pages of this report where any additional relevant information on our aspect specific management approach is provided.

¹ G4-18, G4-20, G4-21, G4-23

Report scope and data boundaries

Unless otherwise stated, the Group's consolidated performance data as expressed in this report covers the parent company, Stora Enso Oyj, and all companies in which we hold over 50% of voting rights directly or indirectly. The Group's consolidated sustainability performance data does not cover equity accounted investments where Stora Enso's ownership is between 20% and 50%, or companies in which our ownership share is less than 20%. These are undertakings in which Stora Enso has significant influence, but which we do not control.

The report does, however, describe issues directly relating to companies in which Stora Enso's ownership is 50% or below, wherever these issues have been identified as material considering the sustainability impacts of the Group and related interest among our stakeholders. For this reason the report covers material issues from our two joint ventures in South America, Veracel and Montes del Plata, on pages 32–36. Similarly, we have defined sustainability issues related to our joint venture in Pakistan as material to Stora Enso Group's sustainability reporting. For more information about our joint venture in Pakistan see pages 30–31. The Group's operations in Asia, and especially our investment project in Guangxi, China, are also described in detail on pages 25–30 due to their materiality for the Group and related interest among our stakeholders.

Our consolidated **environmental performance data** covers all production units, unless otherwise stated in connection to the respective environmental indicator. Sales offices and staff functions are excluded from environmental performance data. Certain smaller staff functions and sales offices are not included in the **OHS data**. Efora, whose acquisition by Stora Enso was completed in November 2013, is not included in our environmental performance and OHS data in 2013.

Human Resources (HR) data is derived from separately collected HR statistics, except for numbers of employees, which are derived from financial accounting. All HR data covers permanent and temporary employees as of 31 December 2013.

Aspect specific data boundaries¹

Impacts that make sustainability issues relevant for us may also occur outside of Stora Enso, or they may be relevant only for some of our operations or locations, as indicated in the G4 reporting standards. When our reporting on a sustainability aspect or indicator only concerns specific units or geographical regions (or other specific data collection boundaries), based on the identified materiality, this is specified in disclosure and the comments field in the G4 index table.



GRI-G4 content index

GR - Stora Enso Global Responsibility Report 2013

FR - Stora Enso Financial Report 2013

● Fully reported

⊙ Partially reported

		Location and comments	External assurance	Level
GENERAL STANDARD DISCLOSURES				
STRATEGY AND ANALYSIS				
G4-1	Statement from the CEO and the Board of Directors	GR 4-5	GR 76	●
G4-2	Description of key impacts, risks, and opportunities	GR 6-9, 22-23, FR Report of the Board of Directors	GR 76	●
ORGANIZATIONAL PROFILE				
G4-3	Name of the organization	GR 2	GR 76	●
G4-4	Primary brands, products, and services	GR 2-3	GR 76	●
G4-5	Location of headquarters	GR back cover	GR 76	●
G4-6	Countries in which operations are located	GR 2-3, 6-7	GR 76	●
G4-7	Nature of ownership and legal form	GR 2	GR 76	●
G4-8	Markets served	GR 2-3, 24, FR Report of the Board of Directors	GR 76	●
G4-9	Scale of the reporting organization	GR 2-3, 23, 66-68	GR 76	●
G4-10	Breakdown of workforce	GR 39-40	GR 76	●
G4-11	Coverage of collective bargaining agreements	GR 39	GR 76	●
G4-12	Description of supply chain	GR 19	GR 76	●
G4-13	Significant changes during the reporting period	FR note 4, GR 38	GR 76	●
G4-14	Addressing the precautionary approach or principle	GR 8-11, 14, 22-36, FR Report of the Board of Directors	GR 76	●
G4-15	External charters, principles or initiatives endorsed	GR 15, 17, 21, 48-51, 55, 69	GR 76	●
G4-16	Memberships in associations	GR 15	GR 76	●
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	Report coverage of the entities in the consolidated financial statements.	FR Note 31. All entities in our Financial Report are also covered by our Global Responsibility Report.	GR 76	●
G4-18	Process for defining the report content and the aspect boundaries	GR 8-9, 70	GR 76	●
G4-19	Material aspects identified	We have identified all the aspects in the G4 framework except customer privacy as material in Stora Enso's operations.	GR 76	●
G4-20	Aspect boundary within the organisation	GR 70	GR 76	●
G4-21	Aspect boundary outside the organisation	GR 70	GR 76	●
G4-22	The effect of restatements of information provided in previous reports	No major re-statements.	GR 76	●
G4-23	Significant changes in the scope and aspect boundaries from previous report	FR Note 4, GR 70. The scope of this Global Responsibility Report has been extended to cover more detailed information on governance, remuneration and grievances.	GR 76	●
STAKEHOLDER ENGAGEMENT				
G4-24	List of stakeholder groups engaged	GR 14	GR 76	●
G4-25	Identification and selection of stakeholders	GR 14-15	GR 76	●
G4-26	Approaches to stakeholder engagement	GR 8-11, 14-16	GR 76	●
G4-27	Response to key topics and concerns raised	GR 8-9, 14-15	GR 76	●
REPORT PROFILE				
G4-28	Reporting period	1 January 2013 - 31 December 2013	GR 76	●
G4-29	Date of most recent previous report	18 February 2013	GR 76	●
G4-30	Reporting cycle	Annual	GR 76	●
G4-31	Contact point for questions	GR back cover	GR 76	●
G4-32	'In accordance' option, the GRI content index and external assurance	GR content index for 'In accordance' - Comprehensive. GR 71-76	GR 76	●
G4-33	Policy and current practice regarding external assurance	GR 70, 76 Stora Enso's Global Responsibility Council was involved in seeking external assurance for this report.	GR 76	●
GOVERNANCE				
G4-34	Governance structure	GR 10-11, FR Corporate Governance in Stora Enso	GR 76	●
G4-35	The process for delegating authority for sustainability topics	GR 10-11	GR 76	●
G4-36	Executive-level positions with responsibility for sustainability topics	GR 10-11, FR Group Leadership Team. All the Group Leadership Team members are responsible for sustainability topics in their areas of responsibility.	GR 76	●
G4-37	Processes for consultation between stakeholders and the highest governance body	GR 8-9, FR Information for Shareholders. All shareholders have the right to make proposals to the shareholder meeting agenda within the authority of the Annual General Meeting (AGM). All shareholders also have the right to present questions to the Board of Directors (BOD) and executive management at the AGM. The employee representatives meet the chairman and the vice chairman of the BOD and the CEO in connection with board meetings on a regular basis.	GR 76	●
G4-38	Composition of the highest governance body and its committees	GR 8-9, 39, FR Corporate Governance in Stora Enso	GR 76	●
G4-39	Position of the chair of the board of directors	FR Board of Directors		●

		Location and comments	External assurance	Level
G4-40	Nomination and selection processes for the highest governance body and its committees	FR Corporate Governance in Stora Enso. The company has a nomination board assigned to propose new board members. When preparing proposals the nomination board evaluates the specific needs of the Board of Directors, including also possible needs for sustainability related competencies, and takes those specific qualifications into account in their proposals.		●
G4-41	Avoiding conflicts of interest	FR Corporate Governance in Stora Enso		●
G4-42	The role of the highest governance body and senior executives in setting purpose, values and strategy	GR 8-10	GR 76	●
G4-43	Measures taken to enhance the Board of Directors' collective knowledge of sustainability topics	GR 10	GR 76	●
G4-44	Evaluating board performance with respects to sustainability topics	GR 10, FR Corporate Governance in Stora Enso. The evaluation of the board's performance is generic in nature and focuses mostly on working methods and not on any specific area. However, if concerns relating to sustainability issues arise, the Global Responsibility and Ethics Committee's role is to identify those issues and bring them to the attention of the Board of Directors.	GR 76	●
G4-45	The role of Board of Directors in the identification and management of economic, environmental and social impacts, risks and opportunities	GR 10, FR Corporate Governance in Stora Enso	GR 76	●
G4-46	The role of Board of Directors in reviewing the risk management processes for economic, environmental and social topics	GR 10, FR Report of the Board of Directors	GR 76	●
G4-47	The frequency of the Board of Directors' review of sustainability impacts, risks, and opportunities	GR 10, 44, FR Corporate Governance in Stora Enso	GR 76	●
G4-48	The highest committee or position to formally approve this report and its materiality review	GR 10	GR 76	●
G4-49	Process for communicating critical concerns to the highest governance body	GR 8-10, 44, FR Information for Shareholders. All shareholders have the right to make proposals to the shareholder meeting agenda within the authority of the Annual General Meeting (AGM). All shareholders also have the right to present questions to the Board of Directors (BOD) and executive management at the AGM. The employee representatives meet the chairman and the vice chairman of the BOD and the CEO in connection with board meetings on a regular basis.	GR 76	●
G4-50	Nature and number of critical concerns communicated to the highest governance body	GR 10, 14-15, 44	GR 76	●
G4-51	Remuneration policies for the Board of Directors and senior executives	GR 38, FR Note 7	GR 76	●
G4-52	Process for determining remuneration	GR 38, www.storaenso.com/investors	GR 76	●
G4-53	Inclusiveness of stakeholders' views regarding remuneration	FR Corporate Governance in Stora Enso (Remuneration Committee)		●
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation	GR 40. Based on annual basic salaries.	GR 76	●
G4-55	Ratio of percentage increase with regards to G4-54	GR 40. No significant difference from 2012 in the increases of highest-paid individual salary and median salary.	GR 76	●
ETHICS AND INTEGRITY				
G4-56	Values, principles, standards, code of conduct and code of ethics	GR 8-11, 43-44	GR 76	●
G4-57	Mechanisms for finding advice on ethical and lawful behavior, and matters related to organizational integrity	GR 43-44	GR 76	●
G4-58	Mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	GR 43-44	GR 76	●
SPECIFIC STANDARD DISCLOSURES: MANAGEMENT APPROACH AND PERFORMANCE INDICATORS				
GENERIC DISCLOSURES ON MANAGEMENT APPROACH			GR 8-11	GR 76
ECONOMIC				
Economic performance				
G4-EC1	Direct economic value generated and distributed	GR 23	GR 76	●
G4-EC2	Risks and opportunities due to climate change	GR 56-57, www.storaenso.com/climate , FR Report of the Board of Directors (Climate change risks)	GR 76	●
G4-EC3	Coverage of defined benefit plan obligations	FR Note 21		●
G4-EC4	Financial assistance from government	FR Stora Enso in Capital Markets, Note 5, Note 9		●
Market presence				
G4-EC5	Entry level wage by gender ompared to minimum wage	GR 39. Significant locations of operation defined by social risk assessments. Breakdown by gender not material.	GR 76	●
G4-EC6	Local hiring	GR 27, 29, 32, 35, 39	GR 76	●
Indirect economic impacts				
G4-EC7	Development and impact of infrastructure investments and services supported	GR 28, 32, 34-35	GR 76	●
G4-EC8	Significant indirect economic impacts	GR 22-36	GR 76	●
Procurement practices				
Specific information on management approach to procurement practices			GR 19-23, 47-52	GR 76
G4-EC9	Spending on local suppliers	GR 19-23, 26-27, 32, 34	GR 76	●

		Location and comments	External assurance	Level
ENVIRONMENT				
Specific information on management approach to environment		GR 54-55	GR 76	
Materials				
G4-EN1	Materials used by weight or volume	GR 62-63	GR 76	●
G4-EN2	Recycled materials used	GR 21, 62-63	GR 76	●
Energy				
Specific information on management approach to energy		GR 58-59	GR 76	
G4-EN3	Energy consumption within the organisation	GR 58	GR 76	●
G4-EN4	Energy consumption outside of the organization	GR 57. The scope 3 calculation of our carbon footprint is based on CO ₂ equivalents, not on energy consumption outside the organisation.	GR 76	○
G4-EN5	Energy intensity	GR 58	GR 76	●
G4-EN6	Reduction of energy consumption	GR 58-59	GR 76	●
G4-EN7	Reductions in energy requirements of products and services	GR 58-59	GR 76	●
Water				
G4-EN8	Total water withdrawal	GR 61	GR 76	●
G4-EN9	Water sources significantly affected by withdrawal of water	See table at www.storaenso.com/water	GR 76	●
G4-EN10	Total recycling and reuse of water	GR 60-61. Around 95% of our total water withdrawal is recycled back to the environment. This water is typically reused in our processes before recycling, but figures on the volumes reused are not available.	GR 76	○
Biodiversity				
Specific information on management approach to biodiversity		GR 47-53	GR 76	
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	GR 53	GR 76	●
G4-EN12	Significant impacts of biodiversity	GR 48-53	GR 76	●
G4-EN13	Habitats protected or restored	GR 53. Applicable for owned and managed lands by Stora Enso.	GR 76	●
G4-EN14	Number of vulnerable species affected by operations	GR 50-51, 53. Numbers of the species not reported, but biodiversity conservation efforts described.	GR 76	○
Emissions				
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	GR 56-57	GR 76	●
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	GR 56-57	GR 76	●
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	GR 57	GR 76	●
G4-EN18	Greenhouse gas (GHG) emissions intensity	GR 56-57	GR 76	●
G4-EN19	Reduction of greenhouse gas (GHG) emissions	GR 55-59	GR 76	●
G4-EN20	Emissions of ozone-depleting substances (ODS)	None of these substances are used in Stora Enso's manufacturing processes.	GR 76	●
G4-EN21	NO _x , SO _x , and other significant air emissions	GR 60, 65	GR 76	●
Effluents and waste				
G4-EN22	Total water discharge	GR 60-61, 65-67	GR 76	●
G4-EN23	Total weight of waste by type and disposal method	GR	GR 76	●
G4-EN24	Significant spills	GR 64	GR 76	●
G4-EN25	Hazardous waste transported, imported, exported or treated	GR 62. Data not available on hazardous waste internationally exported or imported by our authorised service providers.	GR 76	○
G4-EN26	Water bodies and related habitats significantly affected by water discharges and runoff	See table at www.storaenso.com/water	GR 76	●
Products and services				
Specific information on management approach to products and services		GR 16-18	GR 76	
G4-EN27	Mitigation of environmental impacts of products and services	GR 16-18, 21, 57, 60-63	GR 76	●
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	GR 16-18, 21. The packaging materials we produce and use to protect our pulp, paper and paper board deliveries during their transportation are mainly made of our own fibre-based products, and they are fully recyclable according to European Parliament and Council Directive 94/62/EC of 20 December 1994 on packaging and packaging waste and its amendments.	GR 76	●
Compliance				
G4-EN29	Fines and sanctions for non-compliance with environmental regulations	GR 64	GR 76	●
Transport				
Specific information on management approach to transportation		GR 60	GR 76	
G4-EN30	Significant environmental impacts of transportation	GR 35-36, 57, 60	GR 76	●
Overall				
G4-EN31	Environmental expenditures and investments	GR 63	GR 76	●
Supplier environmental assessment				
Specific information on management approach to supplier assessment		GR 19, 55	GR 76	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	GR 12, 20. Our Key Performance Indicator on responsible sourcing is based on the coverage of our responsibility requirements on supplier spending.	GR 76	●
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain	GR 19-20, 55, 57	GR 76	●

		Location and comments	External assurance	Level
Environmental grievance mechanisms				
G4-EN34	Grievances about environmental impacts through formal grievance mechanisms	GR 26, 34, 36, 44. All our production units register and monitor complaints received from stakeholders in relation to their environmental performance as an integral part of their respective environmental management systems. In 2013 units' environmental management systems across the Group recorded a total of 230 stakeholder complaints (182 in 2012). During 2014 we will further enhance our Group-level reporting on the follow-up of stakeholder grievances relating to our environmental performance.	GR 76	●
LABOR PRACTICES AND DECENT WORK				
Specific information on management approach to Labor Practices and Decent Work		GR 37-39	GR 76	
Employment				
G4-LA1	New employee hires and employee turnover	GR 39-40	GR 76	●
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	GR 38	GR 76	●
G4-LA3	Return to work and retention rates after parental leave	GR 40	GR 76	●
Labor/management relations				
G4-LA4	Minimum notice periods regarding operational changes	GR 38	GR 76	●
Occupational Health and Safety (OHS)				
Specific information on management approach to OHS		GR 41-42	GR 76	
G4-LA5	Percentage of workforce represented in formal joint management-worker health and safety committees	GR 41	GR 76	●
G4-LA6	Injuries, lost days, absenteeism and fatalities	GR 41-42. We consider consolidated reporting of gender-specific data on safety incidents as not material from a safety management point of view in our operations, so such figures are not centrally compiled or communicated in our Group figures.	GR 76	●
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	GR 41	GR 76	
G4-LA8	Health and safety topics covered in formal agreements with trade unions	GR 39. Health and safety issues are additionally covered in our collective bargaining agreements as a separate topic at the local level.	GR 76	●
Training and education				
G4-LA9	Average hours of training per year per employee by gender, and by employee category	GR 38	GR 76	●
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	GR 38	GR 76	●
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	GR 38	GR 76	●
Diversity and equal opportunity				
G4-LA12	Composition of governance bodies and employee breakdown	FR Corporate Governance in Stora Enso, GR 39. The collection of information on minority group membership not applicable.	GR 76	●
Equal remuneration for women and men				
G4-LA13	Ratio of basic salary and remuneration of women to men	GR 40	GR 76	●
Supplier Assessment for Labor Practices				
Specific information on management approach to supplier assessment		GR 19-20	GR 76	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	GR 12, 20. Our Key Performance Indicator on responsible sourcing is based on the coverage of our responsibility requirements on supplier spending.	GR 76	●
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	GR 19-20, 44-46	GR 76	●
Labor practices grievance mechanisms				
G4-LA16	Grievances about labor practices through Formal grievance mechanisms	GR 44	GR 76	●
HUMAN RIGHTS				
Specific information on management approach to human rights		GR 23, 45-46	GR 76	
Investment				
G4-HR1	Human rights screening or clauses included in significant investment agreements	GR 23, 45-46	GR 76	●
G4-HR2	Employee training on human rights	GR 43, 45-46. Our Code of Conduct training takes approximately 45 minutes to complete.	GR 76	●
Non-discrimination				
G4-HR3	Actions taken in incidents of discrimination	GR 44-46	GR 76	●
Freedom of association and collective bargaining				
G4-HR4	Supporting right to freedom of association and collective bargaining in risk areas	GR 19-20, 39, 44-46	GR 76	●
Child labor				
G4-HR5	Measures taken to eliminate child labor in risk areas	GR 19-20, 31, 44-46	GR 76	●
Forced or compulsory labor				
G4-HR6	Measures taken to eliminate forced or compulsory labor in risk areas	GR 19-20, 31, 44-46	GR 76	●
Security practices				
G4-HR7	Percentage of security personnel trained in human rights policies or procedures	GR 43-46. Data not available on third parties' security personnel training.	GR 76	⊙

		Location and comments	External assurance	Level
Indigenous rights				
G4-HR8	Violations of indigenous peoples' rights and actions taken	GR 46	GR 76	●
Assessment				
G4-HR9	Operations subject to human rights reviews or impact assessments	GR 12, 45-46	GR 76	●
Supplier human rights assessment				
Specific information on management approach to supplier assessment		GR 19-20	GR 76	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	GR 12, 20. Our Key Performance Indicator on responsible sourcing is based on the coverage of our responsibility requirements on supplier spending.	GR 76	●
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain	GR 19-20, 22-36, 45-46	GR 76	●
Human rights grievance mechanisms				
G4-HR12	Grievances about human rights through formal grievance mechanisms	GR 44	GR 76	●
SOCIETY				
Local communities				
Specific information on management approach to local communities		GR 22-36	GR 76	
G4-SO1	Local community engagement, impact assessments, and development programs	GR 22-36	GR 76	●
G4-SO2	Operations with significant negative impacts on local communities	GR 22-36	GR 76	●
Anti-corruption				
Specific information on management approach to anti-corruption		GR 43-44	GR 76	
G4-SO3	Operations assessed for risks related to corruption	GR 44	GR 76	●
G4-SO4	Anti-corruption training	GR 43-44	GR 76	●
G4-SO5	Actions taken in response to corruption incidents	GR 15, 43-44	GR 76	●
Public policy				
G4-SO6	Political contributions	As a general rule, Stora Enso does not make political contributions. Guidance and rules for political contributions are defined in our Business Practice Policy, available at www.storaenso.com/sustainabilitypolicies	GR 76	●
Anti-competitive behavior				
G4-SO7	Anti-trust and monopoly court cases	FR Report of the Board of Directors, FR Note 30		●
Compliance				
G4-SO8	Fines and sanctions for non-compliance	Stora Enso has not been subject to any significant fines or monetary sanctions due to non-compliance with laws and regulation during 2013.	GR 76	●
Supplier assessment for impacts on society				
Specific information on management approach to supplier assessment		GR 19-20	GR 76	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	GR 12, 20. Our Key Performance Indicator on responsible sourcing is based on the coverage of our responsibility requirements on supplier spending.	GR 76	●
G4-SO10	Significant actual and potential negative impacts on society in the supply chain	GR 22-23	GR 76	●
Grievance mechanisms for impacts on society				
G4-SO11	Grievances about impacts on society through formal grievance mechanisms	GR 44	GR 76	●
PRODUCT RESPONSIBILITY				
Specific information on management approach to product responsibility		GR 16-18	GR 76	
Customer health and safety				
G4-PR1	Assessment of health and safety impacts of products	GR 17-18	GR 76	●
G4-PR2	Compliance with regulations and voluntary codes concerning the health and safety impacts of products	No incidents of non-compliance during 2013.	GR 76	●
Product and service labeling				
G4-PR3	Product information required by procedures	GR 16-18	GR 76	●
G4-PR4	Compliance with regulations and voluntary codes concerning product information	No incidents of non-compliance during 2013.	GR 76	●
G4-PR5	Results of surveys measuring customer satisfaction	GR 16	GR 76	●
Marketing communications				
G4-PR6	Sale of banned or disputed products	No incidents of non-compliance during 2013.	GR 76	●
G4-PR7	Compliance with regulations and voluntary codes concerning marketing communications	No incidents of non-compliance during 2013.	GR 76	●
Customer privacy				
G4-PR8	Complaints regarding breaches of customer privacy and data	Not material		Not reported
Compliance				
G4-PR9	Compliance with regulations concerning the provision and use of products and services	No incidents of non-compliance during 2013.	GR 76	●

Independent Assurance Statement

Tofuture

To the Management and Stakeholders of Stora Enso

Scope and Objectives

The Management of Stora Enso commissioned us to perform a limited assurance engagement on the Global Responsibility Report 2013 (“the Report”). The assurance engagement was conducted in accordance with the AA1000 Assurance Standard (2008) and as a type 2 engagement.

We have duly performed a limited assurance engagement, the objective of which was to evaluate:

- Stora Enso’s adherence to the AA1000 Accountability Principles of inclusivity, materiality and responsiveness;
- the reliability of performance information presented in the Report according to the Quality of Information Principles defined in the Global Reporting Initiative Guidelines (G4); and
- compliance with the G4 “in accordance” criteria at the “Comprehensive” level.

Responsibilities of the Management of Stora Enso and the Assurance Providers

Stora Enso’s Management is responsible for the preparation of the Report and the performance data and statements presented therein, which the company management has approved. Our responsibility as assurance providers is to express a conclusion based on our assessment. The criteria used for our assessment include the Global Reporting Initiative Guidelines and Stora Enso’s own internal reporting guidelines.

Assurance Provider’s Independence and Competence

An assurance provider is required to be independent and impartial from the reporting organisation. During 2013 we were not committed to any assignments for Stora Enso that would conflict with our independence, nor were we involved in the preparation of the Report. Our assurance team consists of competent and experienced responsibility reporting and assurance experts, who have the necessary skills to perform an assurance process.

Basis of Our Opinion and Limitations

Assurance providers are obliged to plan and perform the assurance process so as to ensure that they collect adequate evidence for the necessary conclusions to be drawn. The procedures selected depend on the assurance provider’s judgement, including their assessment of the risk of material misstatement adhering to the reporting criteria.

We have performed the following procedures:

- Assessment of the procedures Stora Enso has in place to ensure adherence to principles of stakeholder inclusivity, materiality and responsiveness.
- Interviews with the Chairman of Stora Enso’s Global Responsibility Council, who is responsible for sustainability in the Group Leadership Team, and the Heads of Global Responsibility at three Stora Enso Divisions, conducted to gain an understanding of the major impacts, risks and opportunities related to Stora Enso’s global responsibility agenda.
- Interviews with managers responsible for performance data collection at Group- level and in selected sites.
- Review of Group-level systems and procedures to generate, collect and report performance data for the Report.
- Evaluations of Group-level calculations, data consolidation procedures and internal controls to ensure the accuracy of data.
- Review of data sources, data generation and reporting processes at Stora Enso’s operations in Guangxi, China, and Langerbrugge Mill in Belgium.

Conclusions

Adherence to AA1000 Accountability Principles

- Inclusivity: Stora Enso was found to have procedures in place for stakeholder involvement, and the company has made a strong commitment to stakeholder dialogue, of which the Online Advisory Panel is an example.
- Materiality: Stora Enso has determined material reporting issues as a part of the company’s Global Responsibility Strategy and management.
- Responsiveness: Stora Enso has adequate policies, guidelines and procedures in place to respond to stakeholders’ expectations, and the company has established a governance structure and action plans to further address these expectations and concerns.

Reliability of Performance Information

We have reviewed the basis of the Global Responsibility information provided in the Report. Based on our review, nothing has come to our attention that would suggest that the Report would not give a fair and balanced view of Stora Enso’s Global Responsibility performance on all material issues, or that the information presented in respect to all material issues would not be reliable with regard to the reporting criteria.

GRI in accordance criteria

The Report complies with the GRI-G4 “in accordance – comprehensive” criteria.

Observations and Recommendations

Based on our limited level assurance engagement, we present the following observations and recommendations, which do not affect the conclusions presented above.

- Stora Enso has introduced a new Strategy and governance model on the company’s Global Responsibility with revised targets, key performance indicators and action plans. We recommend that Stora Enso continue intensifying efforts to ensure the company’s appropriate implementation of the new Global Responsibility Strategy in all operations.
- Stora Enso has systems and controls in place to collect and consolidate Group-level responsibility data from different sources. We recommend further development of the data gathering and reporting process towards a more integrated approach which would make the process more efficient. We also encourage Stora Enso to continue efforts to promote the company’s Global Responsibility principles and measures in the supply chain, especially concerning the occupational health and safety performance of contractors.
- Stora Enso has faced stakeholder concerns especially related to its operations in the emerging markets. We recommend that Stora Enso continue to conduct systematic Global Responsibility risk assessments and procedures to proactively respond to the sustainability challenges which the company has experienced in the new market areas.

Helsinki, Finland, 3rd February 2014
On behalf of Tofuture Oy



Mikael Niskala
Independent Assurance Practitioner



Jani Alenius
Independent Assurance Practitioner



Concept and design: Millton Oy

Photography and illustration: Ernandes Alcantara, Maryam Altaf, Nria Cugat, Eduardo Davit, Salomo Habib, Tuomas Harjumaaskola, Kaapo Kamu, Suvi-Tuuli Kankaanp, Tuukka Koski, Teemu Kuusimurto, Vesa Laitinen, Jouni Niemimaa, Stalin Ramesh, Riitta Supperi, Anton Yarkin

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Stora Enso Oyj

P.O. Box 309
FI-00101 Helsinki, Finland
Visiting address: Kanavaranta 1
Tel. +358 2046 131
Fax +358 2046 21471

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