

2021

**Slavery and Human
Trafficking Statement**



This annual Slavery and Human Trafficking Statement describes the steps Stora Enso is taking to prevent modern slavery in its operations and supply chains, in accordance with the United Kingdom's Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018. This

statement covers the global operations and supply chains of Stora Enso Oyj and its principal subsidiaries during the financial year that ended on 31 December 2021. It does not cover the Group's two 50%-owned joint operations in Latin America.

Our business and supply chains

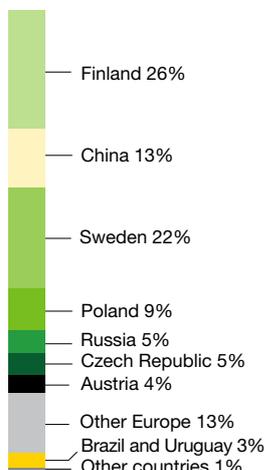
Stora Enso is a leading provider of renewable solutions in packaging, biomaterials, wooden constructions, and paper in global markets, with Group sales of EUR 10.16 billion (GBP 8.56 billion, AUD 16.15 billion) in 2021. Our customers include publishers, retailers, brand owners, print and board producers, printing houses, merchants, converters, joineries, and construction companies. The Group has some 22 000 employees in more than 30 countries around the world. Our head office is in Helsinki, Finland, and we also have head office functions in Stockholm, Sweden. Stora Enso is publicly listed on the Helsinki (STEAV, STERV) and Stockholm (STE A, STE R) stock exchanges. More information about our financial performance, governance, operations, and sustainability can be found on our [website](#) and in our [Annual Report 2021](#).

In addition to our [principal subsidiaries](#), Stora Enso also has 50% ownership of two joint operations in Latin America. These operations, located in Uruguay and Brazil, each include a pulp mill and eucalyptus tree plantations. They are excluded from the scope of this report.

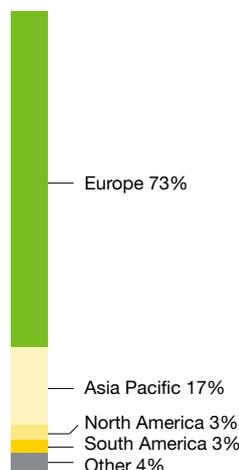
Stora Enso sources raw materials, products, and services from over 20 000 suppliers and contractors and over 20 000 forest owners globally. Wood and fiber-based materials, such as pulp and Paper for Recycling (PfR), represent 53% of our total variable costs (2021), while chemicals, fillers, energy, fuels, spare parts, and maintenance, logistics, and IT services account for 47%. Our production units and forestry operations are primarily in the Nordic countries, Central Europe, Russia, and China, all of which are mainly supported by local supply chains. Certain commodities of a global nature are sourced from regions outside our core areas of operation.

In the United Kingdom, Stora Enso's operations consist of the sales of various paper products, packaging materials, and wood products.¹ Our operations in Australia consist of the sales of various wood products.² We also buy various services, fiber-based raw materials, as well as chemicals, spare parts, and other products for our local and global operations from British and Australian companies. We consulted the relevant companies we own or control in the development of this statement.

Employees by country³



Sales by destination



Locations of our operations



¹ Lumipaper Ltd., Stora Enso Holdings UK Ltd., Stora Enso Pension Trust Ltd., Stora Enso Timber UK Ltd., and Stora Enso UK Ltd.

² Stora Enso Australia Pty Ltd. Company number ACN 099 948 491.

³ Including 50% of the employees at Veracel in Brazil and Montes del Plata in Uruguay.

Identifying risks of modern slavery

Stora Enso strives to prevent all forms of modern-day slavery, including forced labour and human trafficking. Respect for human rights is Respecting human rights is integrated into our [sustainability approach](#) and is required to be taken into account throughout our operations, including investment decisions related to mergers, acquisitions, and divestments.⁴

While we recognise that modern slavery-related risks may exist in our own operations, we have determined that the greatest risk is in our complex and extensive supply chains that include supplier categories and geographies which we have identified as having high human rights risks. For this reason, we have taken a risk-based approach to addressing modern slavery by focusing our efforts on our supply chains.

We have automated our supplier risk assessments by integrating our sustainability risk mapping tool into the company's main sourcing reporting system. Based on a supplier's environmental, social, and governance (ESG) risk profile, they may be selected for a third-party sustainability audit.

Recycling services, land and sea transportation services, wood supply functions as well as outsourced production and temporary labour in some geographies have been identified as having heightened risk for modern slavery in our sector. Based on an in-depth internal evaluation, we have identified China, Russia, Poland, and the Baltic countries as our highest risk markets for forced labour within these sourcing categories.

Our actions to assess and address modern slavery risks

While we respect and consider all human rights to be important, our highest priority human rights remain the primary focus of our work:

- Health and safety
- Fair labour
 - Fair employment conditions
 - Forced labour
 - Freedom of association
 - Non-discrimination and non-harassment)
- Land and natural resource rights acquisition and management
- Grievance mechanisms
- Children's rights (relevant to the forest sector).

We continued to develop our human rights due diligence programme. In 2019 we identified 24 human rights-related development actions in Group function processes. Twenty-two of the actions were completed in 2020, and the two remaining actions were completed in 2021. Several policies and guidelines were updated and relaunched in this process; implementation of these changes was continued in 2021.

Through our membership in the Global Business Initiative for Human Rights (GBI) and the World Business Council for Sustainable Development (WBCSD) we continue to learn from peers and experts as the journey better to embed human rights into operations and due diligence continues.

Implementing international standards

Stora Enso's pledge to combat modern slavery is publicly expressed in our [Human Rights Policy](#) and the [Stora Enso Code](#). In addition, as a UN Global Compact signatory we adhere to Principle 4: "Business should uphold the

elimination of all forms of forced and compulsory labour." Zero tolerance for forced labour is also one of our highest priority human rights.

Our internal policies and requirements that cover human and labour rights include:

- Our [Human Rights Policy](#) sets out our commitment to ensuring respect for human rights throughout our operations and business relationships, in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs). The Policy was updated in 2020.
- Our [Human Rights Guidelines](#) provide a comprehensive overview of the objectives defined in the Human Rights Policy. The guidelines also provide more details about our highest priority human rights and explain how human rights are integrated into our Sustainability Agenda. The guidelines were published externally in 2020 and updated in early 2022.
- The [Stora Enso Code](#) is a single set of values defined for all our employees to provide guidance on our approach to ethical business practices, environmental values, and human and labour rights. These values are applied wherever we operate. The Code explicitly prohibits the use of child labour and forced labour.
- Our [Supplier Code of Conduct \(SCoC\)](#) is a legally binding document that imposes mandatory sustainability requirements for suppliers regarding human and labour rights, occupational health and safety, environmental protection, and responsible business practices. Our SCoC covers forced labour and working conditions and applies to all our sourcing

⁴ Our investment guidelines stipulate that environmental and social risks and impacts, including those related to human rights, must be duly identified, assessed, and addressed prior to any investments in projects with business-critical risks. Business ethics risks and specific investment compliance with our Code of Conduct and Business Practice Policy are also assessed.

categories globally. The SCoC was updated in 2020 with new requirements on involuntary labour and ethical recruitment practices, including not charging recruitment fees.

- Stora Enso's Minimum Human Resource Requirements are applicable to all employees directly employed by Stora Enso in units where Stora Enso is the majority owner. The Minimum Human Resource Requirements prohibit all forms of forced labour, including prison labour, indentured labour, bonded labour, and overtime work involving threats of punishment. They also state that all employees have the right to enter into and terminate their employment freely; that foreign/migrant employees must not be treated less favourably than local employees; and that all employees must have relevant and valid work and residence permits. The Minimum Requirements were updated in 2020.

Grievance and remediation mechanisms

Stora Enso is committed to remedy any situation where our activities have caused or contributed to adverse human rights impacts. In circumstances where human rights violations are committed by

third parties directly linked to Stora Enso through our operations, products, or services, we strive to use our influence together with relevant stakeholders to ensure that those impacts are remedied.

Access to grievance mechanisms is one of Stora Enso's highest priority human rights. Our formal grievance mechanism is open to all stakeholders globally. The channel enables any stakeholder to report instances where their rights may have been infringed, or where they have observed potential violations of the Stora Enso Code, including those related to human and labour rights. This service is independently administered by an external service provider. We also have long-standing local grievance channels, in local languages, for communities and other external stakeholders associated with our plantations and mill in Guangxi, China.

Our Supplier Code of Conduct obliges our suppliers to report any non-compliance with the Code to Stora Enso, as well as to establish a grievance mechanism to enable their employees to report non-compliances.

Continued efforts in 2021

In preparation for the upcoming EU directive on mandatory human rights due diligence Stora Enso carried out a number of initiatives including a workshop with key employees across the company and an external law firm and initiated a working group to help bring the organisation into compliance.

Developments in our supply chains

The monitoring of supplier compliance begins before we enter a business relationship. Any supplier in any location who wishes to do business with Stora Enso must first pre-qualify during tendering, or at the latest before a contract is drafted. To pre-qualify, suppliers must submit confirmation of their compliance with our Supplier Code of Conduct, and complete our safety management online training. At the end of 2021, 96%⁵ of our supplier spend was covered by our Supplier Code of Conduct. Our suppliers are also asked to provide information about their own suppliers, including sub-suppliers operating in high-risk countries.

We conduct on-site visits and commission audits by third-party auditors to monitor and improve supplier sustainability performance. Focused audits are done based on risk assessments or concerns raised by our stakeholders. Due to the global pandemic, during 2021 the new normal way of operating was online auditing. In online

audits the supplier site tours, employee interviews, and document reviews are conducted with digital communication tools.

We also carry out thorough reviews, or "deep dives," of specific supply chains. Deep dives combine desktop reviews and on-site visits to help us better understand specific supply chains and support suppliers in improving their operations, including topics related to modern slavery. Due to the pandemic, we were not able to conduct deep dives in 2021.

Stora Enso strives to develop the prevention and humane processing of potential human trafficking cases in connection to logistics services. Occasionally, people board our chartered sea logistics line from Central Europe to the Nordic countries without permission and undetected (stowaways). We have preventive practices in place to detect people in hiding. Our sea logistics suppliers did not record any such cases during 2021. However, in 2020 we recorded one such case of three people found hiding. Detailed records show that the people were treated with dignity and respect onboard and ensured a safe and humane return into the custody of local authorities when the vessel returned to Central Europe. In 2021, we had one case of seven people hiding in a truck delivering our goods in Belgium. They were discovered during unloading and all seven were released into the custody of the local police.

⁵ Joint operations, intellectual property rights (IPR), leasing fees, financial trading, government fees such as customs, and wood purchases from private individual forest owners are not included in our total supplier spend.

A responsible exit from Pakistan

Stora Enso continues to support six schools in cooperation with the non-governmental organisation Idara-e-Taleem-o-Aagahi (ITA) in Pakistan as part of a remediation programme targeting 640 children identified as child workers in 2015 in the supply chain of our former 35% minority holding in the equity accounted investment Bulleh Shah Packaging (Private) Ltd. (BSP). The programme will continue until 2023 when the youngest children complete compulsory primary school education. In 2021, the focus continued to be on providing vocational courses to prepare the students for future employability, including training to become an electrician, tailor or beautician, and for AC/refrigeration repair. Computer labs were set up to extend the skills training for both male and female students.

Global initiatives to protect labour rights

Stora Enso signed a global framework agreement with labour unions IndustriAll, UniGlobal, and BWI in 2018. Under the agreement, Stora Enso commits to respect human rights, and strives to eliminate forced labour throughout its operations and subsidiaries worldwide. We continued to address these topics in 2021.

Stora Enso is a member of Sedex, one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains. By the end of 2021, 29 of 60 Stora Enso's production units were registered in Sedex. By the end of the year, 17 of the units had been audited through Sedex Member Ethical Data Audits (SMETA) at least once. As of June 2017, with the introduction of SMETA 6.0, modern slavery has been a specific component of the SMETA audit procedure. No findings of forced labour or human trafficking were discovered.

Stora Enso is also a member of the ethical supplier rating system Ecovadis. The Ecovadis assessment includes questions regarding corporate policies and actions for respecting human and labour rights in both a company's own operations and its supply chains, with particular focus on forced labour and child labour. Since 2017, we have been included in the top 1% of industry supplier performers in sustainability.

Living wages

Every other year, the global non-profit organisation BSR supports us in defining and calculating living wages in relevant locations. In 2021, more countries and locations were added to the living wage analyses and the study was carried out in 13 countries, including Brazil, China, Russia and the Baltic countries. As many as 95% of the Group's employees are located in these countries. Within these countries, the largest operational sites and offices were included, reaching a total of 44 locations globally. In all of the locations, Stora Enso's minimum compensation was above the living wage defined by BSR.

Training and capacity building

We continue to raise awareness of modern slavery within Stora Enso. For instance, Stora Enso employees receive Stora Enso Code training, which includes a section on human rights, either through an e-learning tool, or through face-to-face training provided for those who do not have direct computer access. All managers in key positions are required to make a personal commitment to the Stora Enso Code.

In 2021, Stora Enso also launched an updated internal minimum labour standards e-learning designed at first for Stora Enso's unit managers, and all 68 of the targeted unit managers completed the e-learning by the end of the year. The e-learning is a key step in supporting the implementation of the updated Minimum Human Resource Requirements in all operations. The introductory e-learning on human rights and the deep dive on Sedex audits were completed by a group of 400 selected employees across the company during the year. In addition, the roll-out and awareness-raising of the updated supplier code of conduct continued throughout the year, via meetings and workshops with purchasers and suppliers.

Assessment of effectiveness in preventing modern slavery

We understand that modern slavery risks are not static, and that our due diligence approach to addressing them must be periodically assessed to ensure that it continues to be effective. We do this by, for example, monitoring compliance with our policies and requirements and by evaluating the quality and quantity of reports received through our grievance channels.

In 2021, a total of 117 reports through Stora Enso's grievance channels were identified as potential non-compliance cases. A total of 98 investigations of potential non-compliance cases were completed in 2021, which includes open cases from previous years. Proven cases leading to disciplinary action, legal action and/or process improvements were identified in 26 of the investigations. None of the proven cases were related to forced labour or human trafficking.

We carry out assessments and audits with our own units as well as suppliers to ensure compliance with our policies and requirements. For instance, in 2021 we conducted the biennial self-assessments of all operating units on compliance with our Minimum Human Resource Requirements.

Stora Enso's Internal Audit discovered working hour recording errors in the operations of Stora Enso's China Packaging. Manufacturing personnel have been paid for overtime hours exceeding the requirements of Stora Enso's Code of Conduct, legal standards, as well as customer requirements. Stora Enso is taking prompt action to correct the errors and to ensure that the overtime practice does not continue. No concerns were raised regarding forced labour or human trafficking.

During 2021, a total of 49 Stora Enso suppliers were audited through third-party supplier sustainability audits. Most of the third-party audits were online audits, which has become the new normal due to Covid-19-related travel restrictions. Among the audited suppliers were four labour agency service providers for the China Packaging units. These in person audits had a special focus on responsible recruitment practices and discrimination or violation of ethnic minorities rights. No findings related to forced labour or human trafficking were discovered during audits or site visits.

In addition to continuing these efforts, we will also integrate the assessment of our effectiveness in preventing modern slavery into our broader human rights due diligence programme.

This statement is made in accordance with section 54(1) of the UK Modern Slavery Act 2015 and section 16 of the Australia Modern Slavery Act 2018. It constitutes our Group's Slavery and Human Trafficking Statement for the 2021 financial year. It has been approved by the Stora Enso Group Board of Directors.



Annica Bresky
President and CEO