



Slavery and Human Trafficking Statement 2023



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 ended on 31 December 2023. It does not cover the Group's two 50%-owned joint operations in Latin America. This statement also provides information relevant to the requirements of the Norwegian Transparency Act (Åpenhetsloven).

Our business and supply chains

Part of the global bioeconomy, Stora Enso is a leading provider of renewable products in packaging, biomaterials, and wooden construction, and one of the largest private forest owners in the world. We believe that everything that is made from fossil-based materials today can be made from a tree tomorrow. Stora Enso has approximately 20,000 employees and our sales in 2023 were EUR 9.4 billion. Our customers include publishers, retailers, brand owners, print and board producers, printing houses, merchants, converters, joineries, and construction companies. Our head office is in Helsinki, Finland, with head office functions also in Stockholm, Sweden.

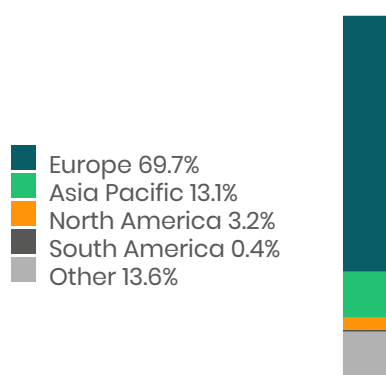
Stora Enso shares are listed on Nasdaq Helsinki Oy (STEAV, STERV) and Nasdaq Stockholm AB (STE A, STE R). In addition, the shares are traded in OTC Markets (OTCQX) in the USA as ADRs and ordinary shares (SEOAY, SEOFF, SEOJF). More information about our financial performance, governance, operations, and sustainability can be found on our [website](#) and in the [Annual Report 2023](#).

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 approximately 19,000 forest owners globally. Wood and fiber-based materials, such as pulp and Paper for Recycling (PfR), represent 48% of our total variable costs (2023), while chemicals, fillers, energy, fuels, production services and materials, and logistics and commissions account for 52%. Our production units and forestry operations are primarily in the Nordic countries, Central Europe, and China¹, 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.

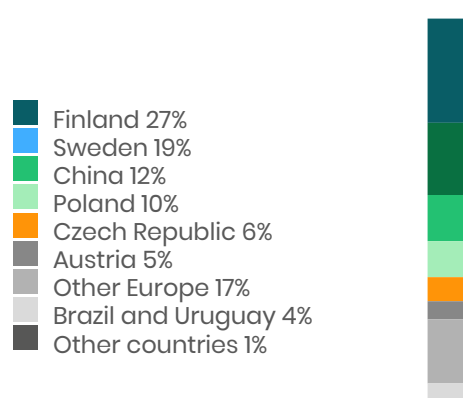
In the United Kingdom, Stora Enso's operations consist of the sales of various paper products, packaging materials, and wood products.² Our operations in Australia consist of the sales of various wood products.³ We also buy various services, fiber-based raw materials, as well as chemicals, spare parts, 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.

Sales by destination



(Sales in the UK constitute approximately 5% of our total sales in Europe. Sales in Australia is reported under "Other countries.")

Employees by country



¹ Stora Enso's approximately 80% owned consumer board and forestry operations in Beihai, China have been classified as held for sale at the end of 2023.

² Lumipaper Ltd., Stora Enso Holdings UK Ltd., Stora Enso Pension Trust Ltd., and Stora Enso UK Ltd.

³ Stora Enso Australia Pty Ltd. Company number ACN 099 948 491.

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 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 risks related to modern slavery 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.

In 2023, Stora Enso launched a pilot to test a new tool for identifying sustainability risks in its supply chain, focusing on country and industry levels. The tool, developed with a third-party sustainability data provider, aimed to enhance visibility into potential risks. We also reviewed our current risk processes to address any shortcomings and strengthen proactive measures against sustainability violations among suppliers. High-risk suppliers identified through this process were earmarked for third-party audits.

In our sector, recycling services, land and sea transportation, wood supply, outsourced production, and temporary labor in certain regions are recognised as areas with an increased risk of modern slavery. Based on an in-depth internal evaluation, we have identified China, Poland, and the Baltic countries as our highest risk markets for forced labour within these sourcing categories.

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. Additionally, we evaluate business ethics risks and ensure specific investments comply with our Code of Conduct and Business Practice Policy.

Actions to assess and address modern slavery risks

While we respect and consider all human rights to be important, the following most salient human rights topics remain the primary focus of our work:

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

We continuously identify and assesses potential and actual adverse impacts related to human rights and define preventive and mitigating actions accordingly. Risk identification is integrated into due diligence processes and informs our Enterprise Risk Management process. Stora Enso is committed to remedying situations where its activities have caused or contributed to adverse human rights impacts. Remediation measures are determined on a case-by-case basis and according to the local context. Our remediation process includes implementing corrective actions and ensuring knowledge sharing to prevent similar cases from arising in the future. We continue to develop our due diligence processes in line with the upcoming Corporate Sustainability Due Diligence Directive and the implementation of our human rights due diligence programme.

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 to better embed human rights into operations and due diligence continues.

Implementing international standards

Stora Enso's pledge to combat modern slavery is publicly expressed in the 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 most salient human rights.

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

1. [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.
2. [Human Rights Guidelines](#) provide a comprehensive overview of the objectives defined in the Human Rights Policy. The guidelines also provide more details on our highest priority human rights and describe how human rights are integrated into our sustainability approach. The guidelines were published externally in 2020 and updated in early 2024.
3. [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.
4. [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. The SCoC covers forced labour and working conditions and applies to all our sourcing categories globally. The SCoC was updated in 2020 with new requirements on involuntary labour and ethical recruitment practices, including not charging recruitment fees.
5. Stora Enso's Minimum Human Resource Requirements for labour conditions 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 HR 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 most salient 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.

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 2023

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 2023, 95% of our supplier spend was covered by Supplier Code of Conduct.

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. In 2023, we continued the work initiated in 2022 to deep dive into two high-risk supply chains as well as improving the due diligence process for our own operations:

1. In our forest operations in Sweden, activities such as the clearing and planting of trees are carried out by silviculture contractors, who predominantly employ migrant workers. The deep dive in 2022 resulted in a new monitoring and auditing approach being introduced to avoid or mitigate risks to migrant workers. This includes, among other things, more time to interact with migrant workers in the field as well as outside of working hours, facilitated by a translator. Two of the specific key improvement areas identified were workers' difficulty in understanding wage payments and a low awareness of the rights afforded to them under applicable agreements in Sweden. As a result, the new collective bargaining agreement includes a commitment from the union to provide physical meetings at the start of every season. During 2023, all audits of silviculture contractors in Sweden were carried out following this new approach, and findings were shared with industry peers. The next step is to scale this approach to our other locations and work towards a common approach with industry peers.
2. The Paper for Recycling (PFR) supply chain has a heightened risk due to the complex nature of the supply chain's structure and low awareness of the relevant risks among the wide range of actors involved. The outcome of the assessment showed that the work in the PFR supply chain is often labour intensive and associated with a lower barrier to entry and skill level. Risks can include inadequate or unregulated working conditions, informal forms of employment, low wages, the use of migrant workers, and a lack of transparency regarding sub-suppliers, among others. Jobs in the PFR supply chain can be a last resort of employment, which may further contribute to placing workers in a vulnerable position. Based on the risk landscape identified through the deep dive assessment carried out in the Packaging Materials division in Poland in 2022, we developed a more structured way of working with the PFR supply chain. This includes placing greater focus on the specific supplier segments to assess risks and identify appropriate mitigation activities.
3. Our Biomaterials division and their Nordic mills focused on defining a new approach to improve the due diligence process for own operations, in conjunction with SMETA audits. The approach has since been shared with other divisions, and in late 2023 extended to the Veracel joint operation in Brazil and its own human rights due diligence work. The process complements the SMETA audits by focusing on dialogue and improvement possibilities, and broadens the scope of included stakeholder groups beyond own employees. Since on-site contractors often fall outside of a company's monitoring scope, the assessment gave valuable practical pointers on how to include on-site contractors in the due diligence process.

Remediation programme in Pakistan completed

In 2023, we completed our eight-year remediation programme in Pakistan according to plan. The programme supported six local schools, offering education to 640 children who were identified as child workers in the supply chain of Stora Enso's former 35% minority holding in the equity-accounted investment in *Bulleh Shah Packaging (Private) Ltd*. The programme was conducted in collaboration with the non-governmental organisation *Idara-e-Taleem-o-Aaqahi (ITA)*. The remediation initiative provided children access to compulsory primary school education, and vocational training for older children and female family members. As also the younger children grew older, the programme shifted its focus from compulsory education to preparing the students to pursue employment or further education through vocational courses. Additionally, to support learning and develop IT skills, computer labs were established.

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 2023.

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 2023, 21 of 62 Stora Enso's production units were registered in Sedex. By the end of the year, 57% of the units had been audited through Sedex Member Ethical Data Audits (SMETA) within the past three years. 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. In 2023, Stora Enso was awarded the highest 'Platinum' level by EcoVadis for the seventh consecutive year.

Living wages

Every other year, the global non-profit organisation BSR supports us in defining and calculating living wages in relevant locations. In 2023, the study was carried out in 13 countries, representing as many as 91% of the Group's employees. Within these countries, the largest operational sites and offices were included, reaching a total of 34 locations globally. In all of the locations, Stora Enso's minimum compensation was above the living wage defined by BSR when accounted for lowest wage with bonuses.

Training and capacity building

We continue to raise awareness of modern slavery within Stora Enso. Human rights is a core element in several training modules for Stora Enso employees, for example in Stora Enso's Code training for all employees. All managers in key positions are required to make a personal commitment to the Stora Enso Code. Employees who face elevated ethics and compliance risks due to the nature of their work are required to complete mandatory, in-depth compliance training, named COMPLY, and to annually sign off on updates. Stora Enso arranges also other training and awareness building activities tailored to specific needs. To cite one example, in 2023 all managers working in silviculture in Sweden were invited to an awareness-raising session focused on migrant workers' rights.

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 2023, a total of 131 reports through Stora Enso's grievance channels were identified as potential non-compliance cases. A total of 163 investigations of potential non-compliance cases were completed in 2023, which includes open cases from previous years. Proven cases leading to disciplinary action, legal action and/or process improvements were identified in 30 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, during 2023 FSC chain-of-custody audits were carried out at fourteen sites, covering requirements on core labour rights. Third-party forest management certification for our own forestry operations and suppliers, such as FSC and PEFC, also include community considerations as a prerequisite (including indigenous people's rights).

In 2023, we conducted 25 Supplier Code of Conduct audits, primarily in China, focusing on contracted manufacturing and labor agencies. As in previous years, the audits uncovered non-conformities, particularly concerning working hours, basic workers' rights, and emergency preparedness. Stora Enso developed corrective action plans for all identified issues, ensuring necessary follow-up. This follow-up process is crucial to our sustainable sourcing efforts, with a focus on continuous improvement. Terminating a business relationship due to non-conformities is considered a last resort. However, in 2023, we had to suspend business activities with two suppliers due to severe non-conformities and their unwillingness to cooperate. No instances of forced labor or human trafficking were found during audits or site visits in 2023.

The work to prevent modern slavery throughout our activities continues, and we will continue to learn and integrate those insights 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 the Group's Slavery and Human Trafficking Statement for the 2023 financial year. It has been approved by the Stora Enso Group Board of Directors.

Hans Sohlström
President and CEO

