

Slavery and Human Trafficking Statement



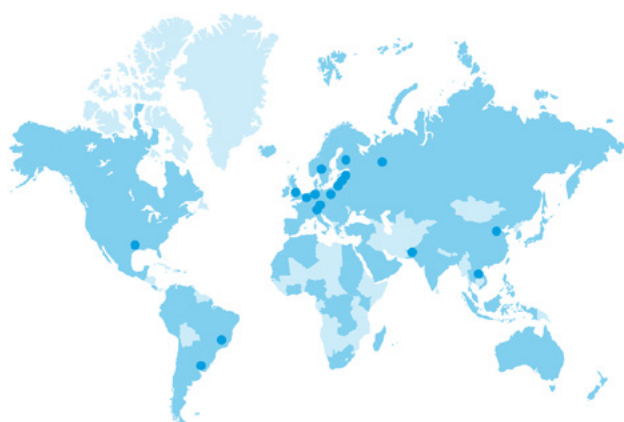
This annual Slavery and Human Trafficking Statement describes how Stora Enso is tackling the challenge of modern slavery throughout its operations and supply chains, in accordance with the United Kingdom's Modern Slavery Act 2015. This Statement covers the global operations and supply chains of Stora Enso Oyj and its consolidated companies. It is Stora Enso's first Slavery and Human Trafficking Statement.

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 a Group revenue in 2016 of EUR 9.8 billion (GBP 8.3 billion). Our customers include publishers, retailers, brand owners, print and board producers, printing houses, merchants, converters, joineries and construction companies. The group has some 25 000 employees in more than 35 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 Nasdaq Helsinki and Stockholm stock exchanges. You can read more about our business on our website and our [Corporate Governance report](#). For more information on our global operations see our [Progress Book 2016](#).

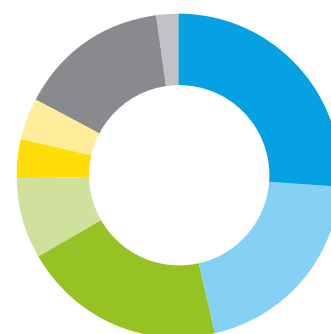
Stora Enso sources raw materials, products, and services from approximately 25 000 suppliers and contractors globally. Materials, products and services sourced by Stora Enso include wood and fibre-based materials such as pulp and Paper for Recycling (PfR), as well as chemicals, fillers, energy, fuels, spare parts, and maintenance, logistics, and IT services. In 2016, purchases of materials, goods, and services represented 48% of our total variable costs and fibre procurement accounted for 52%. Our mill and forestry operations are primarily in the Nordics, 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.

Location of our production facilities 2016



- Countries where Stora Enso has production, plantations or projects
- Stora Enso's markets

Employee distribution by country¹



- Finland 26%
- Sweden 20%
- China 20%
- Poland 8%
- Germany 4%
- Russia 4%
- Other Europe 15%
- Other countries 2%

¹ Excludes employees of our 50%-owned joint operations Montes del Plata and Veracel.

Our policies

Human rights are comprehensively addressed by Stora Enso's policies. Elements of modern slavery, such as child labour and forced labour, are specifically addressed in some of these policies.

Stora Enso policies related to modern slavery include:

Code of Conduct:

Our Employee Code of Conduct "Do What's Right" 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 same values are applied wherever we operate. This Code explicitly prohibits the use of child labour and forced labour.

Human Rights Statement:

Our Statement on Human Rights commits us to fully respect human rights throughout our operations. It recognises all human rights as defined in the International Bill of Human Rights and other universally accepted international human rights instruments, including the Core Conventions of the International Labour Organization (ILO), and ILO Convention No. 169 on the rights of Indigenous and Tribal Peoples. In addition, our Human Rights Statement commits us to observe the principles of the UN's Protect, Respect, and Remedy framework and the related Guiding Principles on Business and Human Rights, the UN Global Compact, the Children's Rights and Business Principles (UN Global Compact, UNICEF and Save the Children), and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Minimum Human Resources Requirements:

Our internal Minimum Human Resources Requirements (Labour Conditions), applicable to Stora Enso's own employees, prohibit the

employment of anyone under the minimum working age for fulltime work, as defined by the International Labour Organization Minimum Age for Employment Convention (C. 138) or national legislation, whichever is higher. In addition, these Requirements prohibit all forms of forced labour, including prison labour, indentured labour, bonded labour, and overtime involving threats of punishment. The Requirements also state that all workers have the right to enter into and terminate their employment freely. Management is prohibited from confiscating workers' identification documents, passports, travel tickets or other documents, or deducting recruitment, training or tuition fees from workers' wages. Any loans or salary advancements to workers must be based on fair terms that have been clearly explained to the worker. These Requirements apply equally to migrant labour, and explicitly state that foreign/migrant workers must not be treated less favourably than local workers, and that all workers must have relevant and valid work and residence permits.

Supplier Code of Conduct:

The governing document of our supply chain management system. The Code is a legally binding document that imposes minimum supplier sustainability requirements regarding human and labour rights, occupational health and safety, environmental protection, and responsible business practices. It applies to all our sourcing categories globally.

Human rights due diligence

Stora Enso recognises slavery, servitude, forced labour and human trafficking (modern slavery) as a growing risk in globalised and local industrial supply chains, from which no sector or industry is immune or without risk. Stora Enso is committed to ensuring that the risk of modern slavery within its operations and supply chain is minimised to the greatest extent possible.

Respect for human rights is embedded in our sustainability practices, as a cross-cutting element of our Sustainability Agenda, across all our operations, from investment decisions through to operations and production, and including divestment and decommissioning.¹ We are currently developing a Human Rights Strategy, which will define our overall approach

to human rights due diligence. This strategy will incorporate our approach for addressing the risk of modern slavery in our operations and supply chains.

Human rights assessments and action plans

Stora Enso conducted a comprehensive Group-wide Human Rights Assessment in 2014, which consisted of separate unit-based assessments at 93 operations in 22 countries, including all our production, wood supply, and forestry operations, and joint ventures and equity-accounted minority investments in high-human rights risk markets. The assessments were based on a customised Human Rights Compliance Assessment tool, developed for Stora Enso by the Danish Institute for Human Rights. The resulting Human Rights Assessment report was published in February 2015

¹ 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.

and a Human Rights Action Plan was developed based on the findings and recommendations of the report. The implementation of the corrective actions required by the Action Plan commenced in Q3 2015, continued during 2016, and will be completed in 2017.

While our 2014 Human Rights Assessment pre-dated the UK Modern Slavery Act, it addressed elements of modern slavery, such as child labour and forced labour. Of the 93 units assessed, it found that there was little or no risk of child labour or forced labour in any of the operations or direct suppliers of Stora Enso Oyj and its consolidated companies covered by this Statement.

Formal grievance mechanisms

Stora Enso is committed to remedying 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 leverage together with relevant stakeholders to ensure that those impacts are mitigated and remedied.

A third-party-administered grievance channel, "Do What's Right Hotline", is available to all our employees, enabling them to report suspected cases of misconduct, unethical behaviour or breaches of Stora Enso's Code of Conduct. Stora Enso's Do What's Right Hotline is also available to external stakeholders in China, Russia, Laos and Brazil, where the national legislation does not restrict the collection of personal data related to non-employee misconduct. We have long-standing local grievance channels for communities and other external stakeholders associated with our plantations in Guangxi, China, as well as more recently established external grievance channels for our new Beihai Mill in Guangxi and trial plantation project in Laos.

Our Supplier Code of Conduct also obliges our suppliers to report any non-compliance with the Code to Stora Enso's Head of Internal Audit, as well as to establish a whistle-blowing system to enable their employees to report non-compliances.

None of our grievance mechanisms, either Group-wide or unit-specific, have received concerns or

allegations regarding modern slavery in our operations or supply chains during this reporting period.

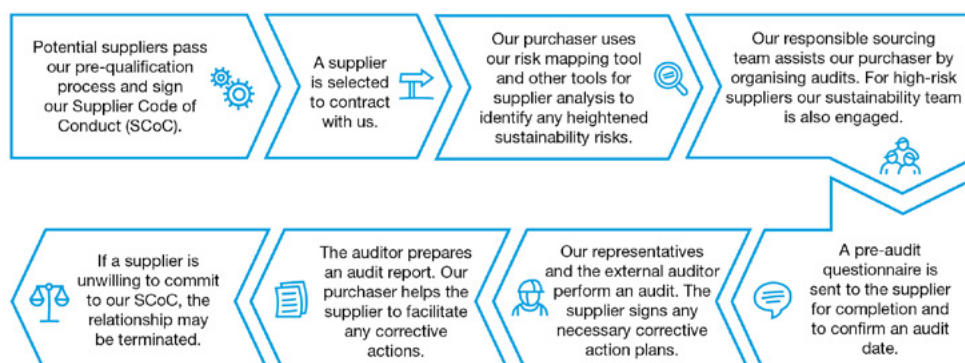
Our responsible sourcing process and supplier audits

For Stora Enso, responsible sourcing means fulfilling our commitment to sustainability, by addressing the concerns of key stakeholders, complying with regulatory frameworks, striving to implement best practices, and managing supply chain risks – including human and labour rights risks such as forced or child labour.

Any supplier who wishes to do business with Stora Enso must first pre-qualify, before being awarded a contract. As with our Supplier Code of Conduct, this pre-qualification process applies to all sourcing globally. To pre-qualify, suppliers must respond to a questionnaire, and submit confirmation of their acceptance of the terms and conditions of our Supplier Code of Conduct. At the end of 2016, 92% of our supplier spend was covered by our Supplier Code of Conduct. Our target is to reach 95% coverage by the end of 2017. Our suppliers are also asked to provide information about their own suppliers, such as sub-suppliers operating in high-risk countries.

In addition to enforcing our Supplier Code of Conduct, we actively engage with our suppliers to help them improve their sustainability performance. This may involve on-site visits, detailed supplier assessments, or in-depth training sessions, depending on the supplier's location and product category. Our Supplier Sustainability Risk Mapping Tool was developed in collaboration with the non-profit organisation Business for Social Responsibility in 2014. Based on a pre-evaluation of the supplier's social and environmental risk profile, suppliers may be selected for a third-party sustainability audit conducted together with the purchaser. This tool helps our purchasers review sustainability risks related to particular suppliers. In 2016, Stora Enso continued to conduct third-party supplier audits with a focus on high-risk suppliers in China. The non-compliances identified in 2016 related primarily to occupational health and safety, working hours and environmental performance. No issues were identified related to modern slavery.

Managing supplier sustainability risks at Stora Enso



Assessment of modern slavery risk within our operations and supply chains

In early 2017, we carried out a modern slavery risk scoping workshop, supported by an external human and labour rights consultancy with subject matter expertise in modern slavery (Ergon Associates), to assist us in gaining a better understanding of the modern slavery related risks in operations and supply chains, and identify any gaps in our current management systems for addressing those risks. The workshop was a cross-functional and cross-divisional event, involving staff from Group and Divisional Sustainability and Sourcing, Group Logistics and Divisional Human Resources. This was a first step in the identification of our activities and operations of heightened risk for modern slavery. Based on this risk scoping, we will develop a plan to validate and assess these risks, together with an action plan to address them. Our approach to addressing modern slavery in our operations and supply chains will form part of our ongoing Human Rights Due Diligence Programme, to be progressively implemented and continuously improved.

The workshop identified four general risk indicators for modern slavery: labour sector informality; low-skilled and low-paid work; migrant labour;

and lack of visibility into work activities (including off-premises and outsourced after-hours and night work). The vast majority of our operations and activities, including supply chains, do not involve these modern slavery indicators. However, the workshop identified several areas of operation that carry a potential risk, and which require targeted modern slavery risk assessments. These areas will be prioritised in the development and implementation of our future modern slavery-specific human rights due diligence activities, and efforts made to identify, assess and address risks in these areas will be reported on in subsequent annual statements.

Training and capacity building

We are committed to raising awareness within our business and supply chains regarding modern slavery risks. We began this process in 2016, by clarifying the scope of our obligations under the UK Modern Slavery Act and ensuring internal coordination between our Sustainability and Legal functions. We continued this process by conducting a cross-functional and cross-divisional workshop in early 2017, to further raise awareness of Stora Enso's obligations regarding modern slavery, and begin our due diligence process for complying with them.

Subject to the further development of our modern slavery due diligence approach, we will conduct staff training and capacity-building to support those efforts.

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. As part of the development and implementation of our Human Rights Strategy, we will integrate the assessment of our effectiveness in preventing modern slavery into our broader Human Rights Due Diligence Programme. In addition, as a member of Sedex², a number of our operations will be required to assess and report on their compliance with modern slavery criteria under the revised Sedex standard (SEDEX 6.0), which is expected to come into effect during 2017.

² Sedex is a global not-for-profit membership organisation, and host of the world's largest collaborative platform for sharing responsible sourcing data on supply chains. It is used by more than 38,000 members in over 150 countries to manage their performance around labour rights, health & safety, the environment and business ethics.

This statement is made in accordance with section 54(1) of the UK Modern Slavery Act 2015 and constitutes our Group's Slavery and Human Trafficking Statement for the 2016 financial year. It has been approved by the Stora Enso Group Board of Directors.



Karl-Henrik Sundström
Chief Executive Officer