

Additional input for the SIHTI assessment of Stora Enso

Code	Indicator and scoring criteria	Explanation	Additional information
B.1.3	<p>Integration with enterprise risk management: Score 2: The Company also describes how it assesses the adequacy of the enterprise risk management systems in managing human rights during the Company's last reporting year. The assessment was either overseen by the Board Audit Committee or conducted by an independent third party.</p>	<p>Score 2: Not met: The Board has established a Financial and Audit Committee to provide support to the Board in monitoring the adequacy of the risk management process within Stora Enso, and specifically regarding the management and reporting of financial risks. This oversight scope includes also climate related risks which are reviewed annually and constitute a specific theme of focus. The Sustainability and Ethics Committee is responsible for overseeing the company's sustainability and ethical business conduct, its strive to be a responsible corporate citizen, and its contribution to sustainable development. <i>However, no reference is found that the adequacy of the risk assessment system to capture human rights risks would have been assessed.</i></p>	<p>During 2020 the work to further detail the Human Rights risk in the ERM process has progressed. Work focused on making sure that our high priority human rights are reflected in the risk register with associated risk factors, impacts and responses. Weighing the risk to the company in terms of direct or indirect financial risk and the risk to the person/rights holder. This is a journey and we have taken important steps continuing integrating Human Rights risk into Enterprise Risk Management systems and governance.</p>
B.1.4.a	<p>Communication/dissemination of policy commitment(s) within Company's own operations: Score 2: The Company also describes how it communicates its policy commitments to stakeholders, including local communities and potentially affected stakeholders AND the Company provides an example of how it ensures the form and frequency of the information communicated is accessible to its intended audience. Note: In order to get a score of 2, the Company needs to meet the ILO requirements for own operations under indicator A.1.2 Score 2 (i.e., the Company has a publicly available statement of policy committing it to respecting the human rights that the ILO has declared to be fundamental rights at work, including a commitment to explicitly respecting each of the fundamental rights as set out in the Declaration on Fundamental Principles and Rights at Work).</p>	<p>Score 2: Not met: Communication of policy commitments to stakeholder: The CoC states: "We also stay in active dialogue with local stakeholders. We engage with our stakeholders and address societal issues in collaboration with partners on local, national, and regional levels. We respect the cultures, customs, and values of local communities and build relationships with them to strengthen mutual understanding, while at the same time striving to live by the values stated in the Stora Enso Code." <i>However, no explicit reference is made on how policy commitments are communicated to local communities and potentially affected stakeholders.</i></p> <p>Not met: How policy commitments are made accessible to audience: Even though the Company reports on actively conducting community consultations and dialogue, <i>no reference or example is found on how it ensures that the form and frequency of communication is accessible</i></p>	<p>One underlying core element for engaging with local communities in order to create change or address a challenge is to first establish common goals and agree on what each party brings to the topic. Clear, open and continuous communication is key to align and manage expectations. The company commitment to the topic at hand as well as our values and principles set out in our Code are cornerstones of this communication.</p> <p>The form and frequency on how the company interacts or engages with local communities is shaped by the local context. There are local customs where the engagement is led through community representatives and in other places a direct interaction is preferred – face to face and inclusive of all community members. In most cases our own employees live in the local communities and understand the local context.</p>

<p>B.2.5</p>	<p>Communicating: Accounting for how human rights impacts are addressed: Score 2: The Company also describes how it has responded to specific human rights concerns raised by, or on behalf of, affected stakeholders AND how it ensures that the affected or potentially affected stakeholders and their legitimate representatives are able to access these communications.</p>	<p>Score 2 Not met: Responding to affected stakeholders concerns: The Company reports (2019, 77) on their joint operations in Veracel, Brazil, explains the stakeholder concerns, what has been done and what the response from Veracel has been. <i>However, it remains unclear whether this communication is accessible to the affected stakeholders, who have raised the concerns.</i></p> <p>Not met: Ensuring affected stakeholders can access communications: Community consultations are done in an inclusive matter, <i>but no evidence was found on how access to communication is ensured for affected or potentially affected stakeholders.</i></p>	<p>(AnnualReport 2019,67): “In 2019, Veracel continued its dialogue with the landless movements and the Bahía State government to address land distribution disputes, and its ongoing implementation of special agreements in response to this issue.”</p> <p>The form and frequency on how the company interacts or engages with local communities is shaped by the local context. Veracel has a team of community liaison managers who are in constant contact with community representatives to agree on actions and next steps. Key to the success of any actions is the continuous and transparent communication with communities to make sure expectations are aligned and managed. Furthermore, Veracel has set out a formal process for community engagement through their sustainability team, with regular meetings and grievances channels to ensure continuous and open communication and contact with the community.</p> <p>Example: Where in the past the relationship between Veracel and certain local communities were lined by many years of distrust and resentment due to conflicts over land rights and land use – today trusted and close relationships have been established by actively trying to find solutions to the disputes and recognizing the challenges on both sides and agree on common goals. Read more about this journey on page 77 in our Annual report 2019 “Veracel continues to support the transition of families from these settlements to more permanent residencies on the same land, as the legal processes regarding their claim to the land are resolved over time. In 2019, this support included preparing the land for farming purposes, supplying seeds, as well as building and renovating nurseries, flour mills, and cocoa production units. The goal is to gradually transfer full responsibility of the area to the families by 2022. Veracel signed a new agreement with social landless movements in 2018 to complement the earlier Sustainable Settlements Initiative. In line with the agreement, Veracel sold 3’300 hectares, under market price, and donated 225 hectares of previously occupied lands to the movements and related associations in 2019. In turn, as agreed, the movements will leave 800 hectares of Veracel’s land. Since 2012, Veracel has voluntarily given up approximately 20’000 hectares of land to benefit landless people.”</p>
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