



Yritysvastuudirektiivin compliance - case Stora Enso

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The renewable materials company

Stora Enso company-wide



Stora Enso is one of the largest private forest owners in the world, and a leading provider of renewable products in packaging, biomaterials and wooden construction.

Stora Enso shares are listed on NASDAQ OMX Helsinki and Stockholm and traded in the USA as ADRs and Ordinary Shares.

Sales
€9.4 billion
in 2023



Operational EBIT
€342 million
in 2023



~20,000
employees



~20,000
suppliers

Market cap: ~€10 billion



Corporate Sustainability Due Diligence Directive (CS3D)



Aim

To make companies more responsible for their social & environmental impacts

- Comprehensive coverage of human rights, incl. fundamental rights at work and land use rights
- Environmental impacts, incl. deforestation and preserving biodiversity
- Living wages
- Climate change mitigation
- Stakeholder engagement



Core obligations

Conduct human rights and environmental due diligence in the value chain

- (1) integrating due diligence into policies and management systems
- (2) identifying and assessing adverse human rights and environmental impacts
- (3) preventing, ceasing or minimising actual and potential adverse human rights and environmental impacts
- (4) monitoring and assessing the effectiveness of measures
- (5) communicating
- (6) providing remediation



Applicability

Large EU & non-EU companies operating on the EU market - SMEs excluded

- **In 2027 companies with over €1.5 billion turnover and 5,000+ employees**
- In 2028 companies with over €900 million and 3,000+ employees
- In 2029 companies over €450 million and 1,000+ employees.
- Non-EU companies under certain conditions



Non-compliance

Penalties & Civil liability

- Compliance is demonstrated by having documentation and evidence of the due diligence actions
- **Penalties:** Pecuniary sanctions based on company's worldwide turnover, the maximum limit being not less than **5%**
- **Civil liability:** Compensation for damages caused or jointly caused with intent or negligence.

Due diligence – What does the directive require?

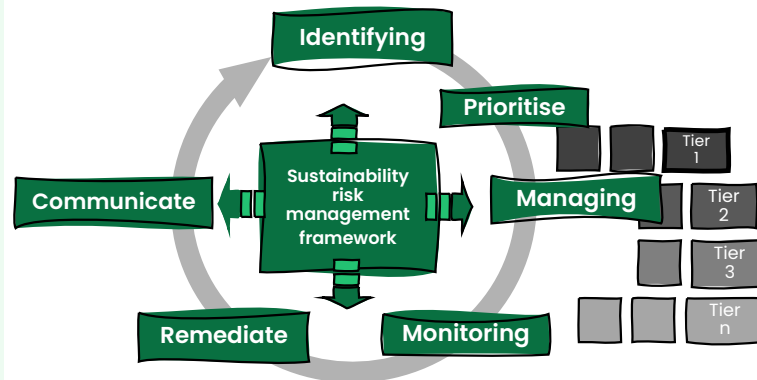


StoraEnso



Core obligation:

Conduct human rights and environmental due diligence (HREDD)



Having appropriate processes in place to:

- 1) Identify & prioritise our human rights and environmental risks in our '*chain of activity*'
- 2) Manage our main risks through appropriate measures,
- 3) Monitor effectiveness of our activities / measures

Effective HREDD requires that appropriate tools and resources are in place or developed.

CSDDD scope in value chain: own operation + subsidiaries + 'Chain of activity'



'Chain of activity'



Upstream (supply chain): business partners related to the production of goods or the provision of services by the company.

Downstream: transport, storage, distribution for or on behalf of the company

Our learnings

CSDDD – Pay attention to

- Prioritisation
 - Severity / Likelihood
- Appropriate measures
 - Causality / Proximity / Leverage
- Actions including
 - Assessments / Audits / Capacity building / Collaboration / Contractual assurance

Build on existing

- Sourcing process and tools
- Environmental & Safety Management Systems
- ERM Process
- Stakeholder engagement – internally & externally

