



We are committed to comply fully with all applicable Sanction Programs throughout the world.

## 10.1 Background and Purpose

The international community, including the UN the EU and US, impose a wide variety of trade sanction programs against violators of internationally recognized human rights and principles of law (“Sanction Programs”). These Sanction Programs are typically targeted at (i) specific countries territories; (ii) persons, entities and/or organisations. (the significant majority of whom are set out on certain lists, which are referred to below as the (“Blacklists”); as well as (iii) types of products and/or activities. Sanction Programs also prohibit activities which are intended to circumvent or evade the imposed restrictions.

Please note that compliance with applicable Sanction Programs is not only important for Stora Enso as a company, but also for individual employees, since in some jurisdictions breaches of them may lead to criminal liability and the imposition of fines on individual employees in a personal capacity.

Due to the different objectives that are pursued by those who impose the Sanction Programs, the contents and scope of the Sanction Programs vary considerably, and some restrict a greater range of activities than others. However, one or more of the following features is typically present in most Sanction Programs:

- Prohibitions on providing funds, goods or services to (or for the benefit of) the targets on the Blacklists;
- Restrictions on exports to, or imports from, a particular jurisdiction of sanctioned products and/or activities;
- Restrictions on transferring or receiving funds; and
- Travel bans on listed individuals who are (or who were) part of, or who were associated with, a regime in a targeted jurisdiction.

This Section has been designed to ensure compliance with UN, EU and US sanctions only. It should be noted, however, that other local Sanction Programs may also be applicable which impose different requirements (e.g. Sanction Programs in Russia, China and Brazil). It is the responsibility of the person who is responsible for a specific engagement or transaction with a business partner (either through direct handling or by management) to ensure that the business transactions in question remain compliant with the local Sanction Programs as applicable.

## 10.2 Responsibility

The head of each Division and Group Function has the responsibility to establish governance and/or appoint persons to perform the required actions contemplated in this Section. The persons so appointed accordingly are responsible for ensuring that the relevant engagement or transaction involving any Tier 1 Countries and Other Tier 2 Countries (as elaborated further in this Section) is not in breach of any of the Sanction Programs.

As of April 6, 2021, all direct and indirect business that connects with Tier 1 Countries shall be discontinued unless otherwise approved by the CEO or the CFO. In practice, this means that no new orders shall be accepted or processed. Orders that are already accepted can continue to be fulfilled.

Legal, Ethics and Compliance is responsible for providing appropriate trainings and day-to-day advice in relation to sanctions-related matters. Should you have any question or training needs under this Section, please contact Legal, Ethics and Compliance (e.g. via the contact details available in this webpage or from the Company’s intranet).

### Active action

- *The head of each Division and Group Function shall establish governance and/or appoint persons to perform the required actions in relation to Sanction Programs contemplated in this Section.*
- *The persons so appointed accordingly are responsible for ensuring that the relevant engagement or transaction is not in breach of any of the Sanction Programs by applying the rules in this Section before Stora Enso entering into or renew any engagement or transaction that involves any Tier 1 Countries Countries and Tier 2 Countries (as elaborated further in this Section).*
- *As of April 6, 2021, all direct and indirect business that connects with Tier 1 Countries shall be discontinued unless otherwise approved by the CEO or the CFO. In practice, this means that no new orders shall be accepted or processed. Orders that are already accepted can continue to be fulfilled.*

## 10.3 Scope

Any commercial activity or transaction between Stora Enso and a third party is subject to the rules in this Section. The most common examples are:

- Direct sales with customers and distributors;
- Agency agreement or agreement with similar intermediaries for the purpose of solicitation of sales or sourcing;
- Direct sourcing with suppliers including without limitation to raw materials, equipment, parts and services;
- Financing, funding and similar;
- Merger and acquisitions, purchase and selling of equity and similar; and
- Joint development, studies and researches.

## 10.4 Business with Tier 1 Countries or Tier 2 Countries

Step 1 - Identify connections with Tier 1 Countries or ("Tier 2 Countries")

There are stringent sanctions against certain critical countries and territories being, as at the date of this Section being last updated, Cuba, Iran, North Korea, Syria and the territory of Crimea ("Tier 1 Countries"). The list of the Tier 1 Countries will change from time to time, therefore please make sure to visit this Section online to always have the latest list of the Tier 1 Countries. As of April 6, 2021, all direct and indirect business that connects with Tier 1 Countries shall be discontinued unless otherwise approved by the CEO or the CFO. In practice, this means that no new orders shall be accepted or processed. Orders that are already accepted can continue to be fulfilled.

In addition to the above, as at the date of this Section being last updated there are one or more EU, US and/or UN Sanction Programs set upon the following countries: Afghanistan, Belarus, Bosnia and Herzegovina, Burundi, Central African Republic, Democratic Republic of the Congo, Egypt, Guinea, Guinea-Bissau, Iraq, Lebanon, Libya, Montenegro, Myanmar, Palestine, Russia, Serbia, Somalia, South Sudan, Sudan, Tunisia, Ukraine, Venezuela, Yemen, and Zimbabwe ("Tier 2 Countries"). The list of the Tier 2 Countries will change from time to time,



therefore please make sure to visit this Section online to always have the latest list of the Tier 2 Countries .

Check whether there is a match with one of the Tier 1 Countries or the Tier 2 Countries in the following respects:

- Check the items in the following table:

	<i>The country of the nationality (in case the contracting party is an individual person) or the place of registration (in case the contracting party is an individual person is an entity)</i>	<i>The country where it is physically located/has presence in any form</i>	<i>Otherwise has material operations (e.g. a company registered in Sweden and having an office in Iran)</i>
<i>The direct contracting party</i>			
<i>The end customers known to <u>Stora Enso</u></i>	<i>Iran - <u>Tier 1 country</u> (example)</i>		
<i>Any other persons or entities which are known to be materially involved in the business activity concerned (e.g. all forms of agents, shipping companies and similar)</i>			

- The country of place of registration of the banks and similar financing institutions involved;
- To the knowledge of Stora Enso , the country or countries where any goods and/or services would be delivered to or from; and
- To the knowledge of Stora Enso , the country or countries where any payment would be made to or received from.

If there is no match with either any of the Tier 1 Countries or any of the Tier 2 Countries , you do not need to continue here and can continue with the business transaction as appropriate.

### Step 2 - Business connected with Tier 1 Countries

Should there be any match with any of the Tier 1 Countries , click [HERE](#) to fill in and submit a separate form to Legal, Ethics and Compliance, and do not proceed with the potential engagement or transaction without approval from Legal, Ethics and Compliance and the head of the Division. As of April 6, 2021, all direct and indirect business that connects with Tier 1 Countries shall be discontinued unless otherwise approved by the CEO or the CFO. In practice, this means that no new orders shall be accepted or processed. Orders that are already accepted can continue to be fulfilled.

### Step 3 - Business connected with Tier 2 Countries

Should there be any match with any of the Tier 2 Countries , check the following names using the digital tool (Link to the tool and instructions to use are available [HERE](#)):

- the direct contracting party;
- the end customers known to Stora Enso ; and
- any other persons or entities which are known to be materially involved in the business activity concerned (e.g. all forms of agents, shipping companies and similar);



Should there be any match, click [HERE](#) to fill in and submit a separate form to Legal, Ethics and Compliance, and do not proceed with the potential engagement or transaction without approval from Legal, Ethics and Compliance and the head of the Division.

If there is no match, before proceeding with the potential engagement or transaction, click [HERE](#) to fill in and submit a separate confirmation form to Legal, Ethics and Compliance to confirm the following (these items will also appear during the workflow):

<i>That all the steps required in this Section have been gone through and followed accordingly, and none of the steps require you to fill in and submit a separate form other than the current one to Legal, Ethics and Compliance.</i>
<i>To the extent that the customer's bank name is made aware to Stora Enso, such bank has been checked using the digital tool (Link to the tool and instructions to use are available <a href="#">HERE</a>) and no match has been found.</i>
<i>That the standard contractual protections (included hereunder) are included in all contracts or offers relating to the potential engagement or transaction, without deviation or such deviation has been approved by Legal, Ethics and Compliance.</i>

## Standard contractual protections

"The [Purchaser/Agent] represents and covenants (on an on-going basis) that neither it, nor any of its subsidiaries (nor, to its knowledge, any director, officer of it or any of its subsidiaries) is a person that is, or is owned or controlled by a person that is, the expressly targeted by any economic or financial sanctions or trade embargoes implemented, administered or enforced by the United Nations Security Council, the European Union, any Member State of the European Union, the United Kingdom or the United States of America (collectively, "Sanctions"), or located, organised or resident in a country or territory that is, or whose government is, targeted by country-wide or territory-wide Sanctions (being, currently, Cuba, Iran, North Korea, Syria and Crimea).

The [Purchaser/Agent] undertakes: (i) to comply with all Sanctions and export controls that are applicable to it and its business; (ii) not to sell, supply or transfer any goods supplied by [Stora Enso entity] under this Agreement to any third party recipient, or to engage in any other activity, that would result in a violation of applicable Sanctions or export controls by any person; (iii) to inform [Stora Enso entity] without delay in the event that it becomes aware of any event or matter that would or that might result in a violation of applicable Sanctions or export controls by the [Purchaser/Agent] or by [Stora Enso entity]; and (iv) to indemnify and hold harmless [Stora Enso entity] from and against any loss, liability, claim, proceeding, action, fine, cost and damages of whatever nature that [Stora Enso entity] or entities under the control of Stora Enso Oyj may incur or sustain by reason of [Purchaser/Agent] being in breach of the representations, covenants and undertakings given hereunder.

Notwithstanding anything to the contrary in this Agreement, [Stora Enso entity] has the right to terminate the delivery and/or any related agreements (including this agreement) with immediate effect and without any liability towards the [Purchaser/Agent] in the event that [Stora Enso entity] (acting reasonably) considers the same or any part thereof or the [Purchaser/Agent's] actions would or might result in a violation of applicable Sanctions or export controls by any person."

*Active action*

- *The persons appointed by the head of each Division and Group Function shall ensure that the steps listed above are performed and cleared before Stora Enso entering into or renew any engagement or transaction that involves any Tier 1 Countries or Tier 2 Countries .*

## 10.5 System check

The Legal, Ethics and Compliance team, in together with the Financial Delivery function is responsible for the setup and operation of the digital solutions to screen all active business partners as they were inputted into the relevant Stora Enso's enterprise resource management systems against the Blacklists. Should there be any match, the Legal, Ethics and Compliance team has the authority to inform the relevant business unit to stop the transaction in question immediately in all aspects until further notice.

## 10.6 Other suspicious behaviours

Taking into consideration the fact that a sanction target may be unlikely to provide requested information in a complete and accurate form, all the information received about a potential business partner (and, where applicable, an end user) should be reviewed carefully and diligently. The following is a non-exhaustive list of circumstances which you should be alert to and which might indicate a potential sanctions compliance issue with a proposed transaction:

- The potential business partner is reluctant to offer information about the end-user/end-use;
- The potential business partner is willing to pay cash for a very expensive item when the terms of sale would normally call for financing;
- The potential business partner has limited or no business background;
- The potential business partner is unfamiliar with the product's performance characteristics but still wants the product;
- Delivery dates are vague, or deliveries are planned for out of the way destinations;
- A freight forwarding firm is listed as the product's final destination;
- The shipping route is abnormal for the product and destination;
- The packaging is inconsistent with the stated method of shipment or destination;
- The potential business partner is reluctant to give you details about their directors or ownership structures without a convincing justification.
- When questioned, the potential business partner is evasive and/or unclear about whether the product is for domestic use or for export/re-export; or
- The actions of the potential business partner are in violation of any Stora Enso guidelines, for example the rebate policy.

The above list is not comprehensive, and you should remain alert to any other circumstances that give rise to a suspicion that a proposed transaction is (or might be) contrary to sanctions.