

**SUPPLEMENT NO. 1 DATED 28 AUGUST 2020 TO
BASE PROSPECTUS DATED 20 MARCH 2020**



STORA ENSO OYJ

(incorporated with limited liability in Finland)

Euro 4,000,000,000

Euro Medium Term Note Programme

This Supplement No. 1 (the "**Supplement**") to the Base Prospectus dated 20 March 2020 (the "**Base Prospectus**"), constitutes a Supplement to the Base Prospectus for the purposes of Article 23(1) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), and is prepared in connection with the Euro 4,000,000,000 Euro Medium Term Note Programme (the "**Programme**") established by Stora Enso Oyj (the "**Issuer**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus. The purpose of this Supplement is to incorporate the Issuer's unaudited financial information as at and for the six months ended 30 June 2020 included in the Issuer's Half-year Financial Report, January–June 2020, Q2 (the "**Half-year Financial Report**") by reference into the Base Prospectus and to amend certain other sections of the Base Prospectus as specified hereinafter.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), in its capacity as competent authority under the Prospectus Regulation, to approve this document as a prospectus supplement. By approving this Supplement, the CSSF gives no undertaking as to the economic and financial opportunities of the transactions contemplated by this Supplement or the Base Prospectus or the quality or solvency of the Issuer.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

No responsibility or liability is accepted by the Arranger or any of the Dealers as to the accuracy or completeness of the information contained in this Supplement. Accordingly, no representation, warranty or undertaking, express or implied, is made by them in relation hereto.

This Supplement does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any Dealer to subscribe for, or purchase, any Notes. Neither this Supplement nor any other information supplied in connection with the Programme or any Notes is: (i) intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer, the Arranger or the Dealers that any recipient of this Supplement should purchase any Notes.

Half-year Financial Report, January–June 2020, Q2

On 21 July 2020, the Issuer published its Half-year Financial Report. A copy of the Half-year Financial Report has been filed with the *Commission de Surveillance du Secteur Financier* and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus.

Due to the publication of the Half-year Financial Report, the section of the Base Prospectus entitled "*Documents Incorporated by Reference*" is amended as set forth under "*Documents Incorporated by Reference*" below.

Documents Incorporated by Reference

The following text shall be inserted to become the last bullet point under the heading "*Documents Incorporated by Reference*" on page 32 of the Base Prospectus:

"

- The Issuer's Half-year Financial Report, January–June 2020, Q2, except for the paragraph titled "Guidance and outlook" on page 1.

https://www.storaenso.com/-/media/documents/download-center/documents/interim-reports/2020/storaenso_results_q220_eng.pdf

"

The following table shall be inserted to become the first table under the heading "*Information Incorporated by Reference*" on page 32 of the Base Prospectus:

"

Half-year Financial Report, January-June 2020, Q2

Results summary (except for the paragraph titled "Guidance and outlook" on page 1)	Pages 1-3
CEO comment	Page 4
Results	Pages 5-6, 15-16
Segments	Pages 7-14
Events	Pages 18-20
Financials	Pages 21-33

"

Risk Factors

The following sentence shall replace the first sentence under the heading "*We may not be able to successfully implement our cost reduction and efficiency improvement measures*" on page 16 of the Base Prospectus:

"We have taken a number of measures to reduce our costs and achieve operating efficiencies over the past years, and we announced on 1 February 2019 that we have started to implement a profit protection programme to better prepare for potential market weakness, the target of which is to achieve EUR 350 million cost savings by the end of 2021."

Share Capital

The following paragraphs shall replace the last paragraph under the heading "*Share Capital*" on page 90 of the Base Prospectus:

"On 14 April 2020, Stora Enso announced that a total of 400 A shares were converted in R shares during the 1–31 March 2020 conversion period. The shares were recorded in the Finnish Trade Register on 14 April 2020, and trading in the new R shares commenced on 15 April 2020.

On 15 May 2020, Stora Enso announced that a total of 500 A shares were converted in R shares during the 1–30 April 2020 conversion period. The shares were recorded in the Finnish Trade Register on 15 May 2020, and trading in the new R shares commenced on 19 May 2020.

As at the date of this Base Prospectus, Stora Enso has 176,255,084 A shares and 612,364,903 R shares in issue."

Recent Developments

The following paragraphs shall replace the paragraphs under the heading "*Profit Protection Programme*" on page 94 of the Base Prospectus:

"On 1 February 2019, Stora Enso announced that it is implementing a profit protection programme intended to achieve cost reductions as well as reductions of capital expenditure forecasts.

The profit protection programme targets reductions in variable and fixed costs, as market uncertainty increases. The programme includes all divisions and corporate functions. In 2019, the profit protection programme was proceeding ahead of plan and the total implemented cost savings amounted to EUR 150 million in 2019. The target of the profit protection programme is to achieve EUR 350 million in cost savings by the end of 2021.

As part of the programme, Stora Enso closed Paper Machine 6 at Imatra Mills in Finland. Stora Enso is also planning to take performance improvement measures at the Ala sawmill in Sweden and the Imavere sawmill in Estonia. The plan includes actions to increase productivity and reduce costs. The planned actions would result in a reduction of maximum 35 full-time employees and required co-determination negotiations related to this plan have been initiated.

The detailed plans of the profit protection programme are subject to appropriate information and/or consultation of the relevant employee representative bodies where applicable, and are also subject to the relevant legal procedures and approvals.

Stora Enso's capital expenditure forecast for 2020 was reduced by EUR 25 million from the earlier estimated range of EUR 700–750 million to improve 2020 cash flow. The estimate includes approximately EUR 70 million for the Group's biological assets and the capitalised leasing contracts according to IFRS 16 Leases of approximately EUR 30 million. The depreciation and depletion of capitalised silviculture costs forecast includes also the impact of IFRS 16. The depletion of capitalised silviculture costs is forecast to be EUR 40–60 million."

The following paragraph shall replace the paragraph under the heading "*Dividend*" on pages 94 and 95 of the Base Prospectus:

"Due to the unprecedented situation caused by the COVID-19 and its impact on trading conditions, the Board of Directors decided to change its dividend proposal of EUR 0.50 per share for the year 2019. Accordingly, Stora Enso's Annual General Meeting ("**AGM**") held on

4 June 2020 approved the proposal by the Board of Directors based on which the Company distributed a dividend of EUR 0.15 per share for the year 2019. In addition, the AGM approved the proposal that the Board of Directors can decide at its discretion on the payment of dividend up to a maximum of EUR 0.35 per share. A resolution on the distribution of a dividend will be made at a later stage when it is possible to make a more reliable estimate on the impacts of the COVID-19 pandemic on Stora Enso's business and liquidity."

The following paragraph shall be removed before the heading "*Board of Directors and Management*" on page 95 of the Base Prospectus:

"Postponement of the AGM

On 17 March 2020, Stora Enso announced that based on the development of the coronavirus situation and the decision by the Finnish Government on 16 March 2020 that public gatherings will be limited to a maximum of ten persons, Stora Enso has decided to cancel its AGM that was supposed to be held on 19 March 2020 and Stora Enso will convene the AGM at a later stage."

Board of Directors and Management

Board of Directors

The following paragraph shall replace the third paragraph under the heading "*Hock Goh*" on page 96 of the Base Prospectus:

"Member of Stora Enso's Financial and Audit Committee since June 2020."

The following paragraphs shall be removed from pages 96 and 97 of the Base Prospectus:

"Göran Sandberg

Member of Stora Enso's Board of Directors since April 2017. Independent of the Company but not of the significant shareholders due to his position as executive director of majority shareholders of FAM.

Born 1951. Ph.D. Swedish citizen.

Member of Stora Enso's Sustainability and Ethics Committee since April 2017.

Professor in Plant Biology and professor at the Swedish University of Agricultural Science and the Umeå University. Executive Director of the Knut and Alice Wallenberg Foundation and the Marianne and Marcus Wallenberg Foundation. Member of the Boards of Directors of the Marcus Wallenberg Foundation for Promoting Scientific Research in the Forest Industry and the Wallenberg Foundations AB.

Member of the Royal Swedish Academy of Science, the Royal Swedish Academy for Agriculture and Forestry Sciences and the Royal Swedish Academy of Engineering Sciences.

Vice Chancellor of Umeå University between 2005 and 2010, Chairman of the Boards of Directors of Umeå Plant Science Center between 1996 and 2004 and SciLifeLab Sweden between 2013 and 2016. Member of the Boards of Directors of the Human Protein Atlas project and the Wallenberg Wood Science Center."

The following paragraph shall be inserted as the third paragraph under the heading "*Mikko Helander*" on page 97 of the Base Prospectus:

"Member of Stora Enso's Sustainability and Ethics Committee since June 2020."

The following paragraphs shall be inserted before the heading "*Director Independence and Conflicts*" on page 97 of the Base Prospectus:

"Håkan Buskhe

Member of Stora Enso's Board of Directors since June 2020. Independent of the Company but not of the significant shareholders due to his position as CEO of FAM.

Born 1963. M.Sc. (Eng.), Licentiate of Engineering. Swedish citizen.

Member of Stora Enso's Sustainability and Ethics Committee since June 2020.

Chair of the Board of Directors of IPCO AB. CEO of FAM since February 2020.

President and CEO of SAAB AB between 2010 and 2019 and E.ON Nordic between 2008 and 2010. Executive positions at E.ON Sweden between 2006 and 2008, CEO of Schenker North between 2001 and 2006. Several positions at Storel AB between 1998 and 2001, Carlsberg A/S between 1994 and 1998 and Scansped AB between 1988 and 1994. He has also held positions as a board member in several venture capital companies."

Proposed Board of Directors

The following paragraphs shall be removed from pages 97 and 98 of the Base Prospectus:

"Proposed Board of Directors

On 15 January 2020, the Shareholders' Nomination Board proposed that of the current members of the Board of Directors – Jorma Eloranta, Elisabeth Fleuriot, Hock Goh, Mikko Helander, Christiane Kuehne, Antti Mäkinen, Richard Nilsson, and Hans Stråberg – be re-elected members of the Board of Directors until the end of the following AGM and that Håkan Buskhe be elected new member of the Board of Directors for the same term of office.

If the above candidates are elected, the Shareholders' Nomination Board proposes to the Board of Directors that Jorma Eloranta be elected Chairman and Hans Stråberg be elected Vice Chairman of the Board of Directors.

Göran Sandberg has announced that he is not available for re-election to the Board of Directors.

Håkan Buskhe

Independent of the Company but not of the significant shareholders due to his position as CEO of FAM.

Born 1963. M.Sc. (Eng.), Licentiate of Engineering. Swedish citizen.

CEO of FAM since February 2020.

President and CEO of SAAB AB between 2010 and 2019 and E.ON Nordic between 2008 and 2010. Executive positions at E.ON Sweden between 2006 and 2008, CEO of Schenker North between 2001 and 2006. Several positions at Storel AB between 1998 and 2001, Carlsberg A/S between 1994 and 1998 and Scansped AB between 1988 and 1994. He has also held positions as a board member in several venture capital companies."

Group Leadership Team

The following paragraphs shall be inserted before the heading "*Corporate Governance Regime*" on page 101 of the Base Prospectus:

"David Ekberg

Executive Vice President, Packaging Solutions division.

Born 1975. B.Sc. (Business Administration). Swedish citizen.

Member of the Group Leadership Team since April 2020. Joined the Company in 2017. Acting Head of Stora Enso Packaging Solutions since December 2019. Senior Vice President and Head of Business Unit Nordic Packaging at Stora Enso between 2018 and 2019. Senior Vice President and Head of Finance and IT Packaging Solution at Stora Enso between 2017 and 2018.

Prior to joining Stora Enso, Executive Vice President, Chief Financial Officer and Chief Operating Officer at Climeon AB between 2015 and 2017. Several management positions at Ericsson Group between 1997 and 2015.

Lars Völkel

Executive Vice President, Wood Products division.

Born 1975. M.Sc. (Business Administration), leadership degree from Hult Ashridge Business School. German citizen.

Member of the Group Leadership Team since July 2020 when he joined the Company.

Prior to joining Stora Enso, CEO of Ambibox GmbH between 2018 and 2020, CEO of Franke Kitchen Systems between 2014 and 2017, and Executive Vice President Luxury retail and CEO of Poggenpohl at Nobia between 2011 and 2014. Has also held various managerial positions at Electrolux, including VP Western Europe.

Appointed Members of the Group Leadership Team

Katariina Kravi

On 14 May 2020, Stora Enso announced that it has appointed Katariina Kravi as Executive Vice President, Human Resources and a member of the Group Leadership Team starting 1 September 2020.

Born 1967. Master of Laws. Finnish citizen.

Member of the Group Leadership Team as of September 2020 when she joins the Company.

Prior to joining Stora Enso, Chief People and Culture Officer at Tieto Oyj in 2019 and Executive Vice President, Human Resources between 2012 and 2019, Vice President, Human Resources, Markets at Nokia Oyj between 2008 and 2012, and Vice President, Human Resources, Multimedia Business Group between 2004 and 2007. Has also held various human resources leadership roles at Nokia Oyj between 1997 and 2003.

Annette Stube

On 20 August 2020, Stora Enso announced that it has appointed Annette Stube as Executive Vice President, Sustainability and a member of the Group Leadership Team starting 1 September 2020. Stube succeeds Stora Enso's current Executive Vice President, Sustainability Noel Morrin who retires in the end of 2020.

Born 1967. M.Sc. (Psychology), Executive Board Education from Copenhagen Business School. Danish citizen.

Member of the Group Leadership Team as of September 2020 when she joins the Company.

Prior to joining Stora Enso, Head of Sustainability at A.P. Moller–Maersk A/S between 2008 and 2020, and Director of Sustainability programmes at Novo Nordisk A/S between 1998 and 2008.

Member of the Board of Directors of Fortum Oyj since 2020."

Financial and Audit Committee

The following paragraph shall replace the last paragraph under the heading "*Financial and Audit Committee*" on page 101 of the Base Prospectus:

"As at the date of this Base Prospectus, the members of the Financial and Audit Committee are Richard Nilsson (Chair), Jorma Eloranta, Elisabeth Fleuriot and Hock Goh."

Sustainability and Ethics Committee

The following paragraph shall replace the last paragraph under the heading "*Sustainability and Ethics Committee*" on page 102 of the Base Prospectus:

"As at the date of this Base Prospectus, the members of the Sustainability and Ethics Committee are Christiane Kuehne (Chair), Håkan Buskhe and Mikko Helander."

Legal Proceedings

The following paragraph shall replace the paragraph under the heading "*Veracel*" on pages 102 and 103 of the Base Prospectus:

"On 11 July 2008, Stora Enso announced that a federal judge in Brazil had issued a decision claiming that the permits issued by the State of Bahia for the operations of Stora Enso's joint operations company Veracel were not valid. The judge also ordered Veracel to take certain actions, including reforestation with native trees on part of Veracel's plantations and a possible fine of BRL 20 million (EUR 3 million). Veracel disputes the decision and has filed an appeal against it. Veracel operates in full compliance with all Brazilian laws and has obtained all the necessary environmental and operating licences for its industrial and forestry activities from the relevant authorities. In November 2008, a Federal Court suspended the effects of the decision. No provisions have been recorded in Veracel's or Stora Enso's accounts for the reforestation or the possible fine."

The following paragraphs shall be removed from page 103 of the Base Prospectus:

Legal Proceedings in Sweden

Insurance Claim

In July and August 2016, six Swedish insurance companies filed lawsuits in the Environmental Court and the District Court of Falun against Stora Enso, due to damage

caused by the forest fire in Västmanland, Sweden, in 2014. The claimed amount is approximately SEK 300 million (EUR 30 million), excluding interest. The environmental law case is closed based on the environmental code not being applicable on damages caused by fire. The other case in the District Court of Falun has now been settled and the settlement amount in full has been covered by insurance and without financial impact for Stora Enso. Hence, there are no longer any open cases for compensation due to the forest fire. There will be no further reporting of these claims.

Company Fine

In January 2018, a Swedish prosecutor filed a lawsuit against Stora Enso and its supplier, due to the forest fire in Västmanland, Sweden in 2014, claiming a company fine of SEK 5 million each. In December 2019, the court acquitted Stora Enso of responsibility for causing the fire. The verdict has been appealed to the Court of Appeal by the prosecutor and the supplier. The prosecutor has reduced the claim for company fine to SEK 2.5 million. There will be no further reporting of this case."

Significant or Material Change

The following paragraphs shall replace the paragraphs under the heading "*Significant or Material Change*" on page 114 of the Base Prospectus:

"There has been no significant change in the financial performance or financial position of the Issuer and its subsidiaries taken as a whole since 30 June 2020.

Save as disclosed (i) in the Half-year Financial Report and (ii) under "*Risk Factors—Any deterioration of the economy could have a material adverse effect on our business, financial condition or results of operations*", there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2019."

General

Copies of this Supplement and the Half-year Financial Report can be obtained from the registered office of the Issuer and the specified office of the Paying Agents in each case at the address given at the end of the Base Prospectus. In addition, such documents will be available free of charge from the principal office in Luxembourg of Banque Internationale à Luxembourg, *société anonyme*, and will also be published on the Luxembourg Stock Exchange's website (www.bourse.lu).

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail. Capitalised terms used in this Supplement and not otherwise defined shall have the meanings given to them in the Base Prospectus.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

In accordance with Article 23(2) of the Prospectus Regulation, investors who have already agreed to purchase or subscribe for the Securities before this Supplement is published and where the Securities have not yet been delivered to the investors at the time when the significant new factor, material mistake or material inaccuracy arose or was noted, have the right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances. The last date for such withdrawal is 1 September 2020. Investors should contact the Issuer for the exercise of the right of withdrawal.