



Sustainability at Stora Enso

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Disclaimer



It should be noted that Stora Enso and its business are exposed to various risks and uncertainties and certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by “believes”, “expects”, “anticipates”, “foresees”, or similar expressions, are forward-looking statements. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to: (1) operating factors such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development, acceptance of new products or services by the group’s targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the group’s patents and other intellectual property rights, the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for the group’s products and the pricing pressures thereto, price fluctuations in raw materials, financial condition of the customers and the competitors of the group, the potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in the group’s principal geographic markets or fluctuations in exchange and interest rates. All statements are based on management’s best assumptions and beliefs in light of the information currently available to it and Stora Enso assumes no obligation to publicly update or revise any forward-looking statement except to the extent legally required.

Our measures related to the Corona virus



- Minor effects on our daily operations
- Early out with measures;
 - Global travel ban since beginning early February
 - Currently, remote working is encouraged in the workplaces where this is possible
- Four work streams established to keep business momentum

Health and Care

Travel and health instructions
Communications to all employees

Business Continuity

Work force and “Key positions” planning
Management of inbound/outbound deliveries
Proactive Supplier Communication
IT solutions to enable people to work remotely

Financial impact

Assess our business and make scenario planning
Cash flow focus
Continue profit protection measures

Customer Relations

Customer center operations
Service and Deliveries
Assessment of liquidity risks



**Do good for people and the planet.
Replace fossil-based materials with
renewable solutions.**

Lead

Do what's right



We are perfectly positioned to benefit from the megatrends...



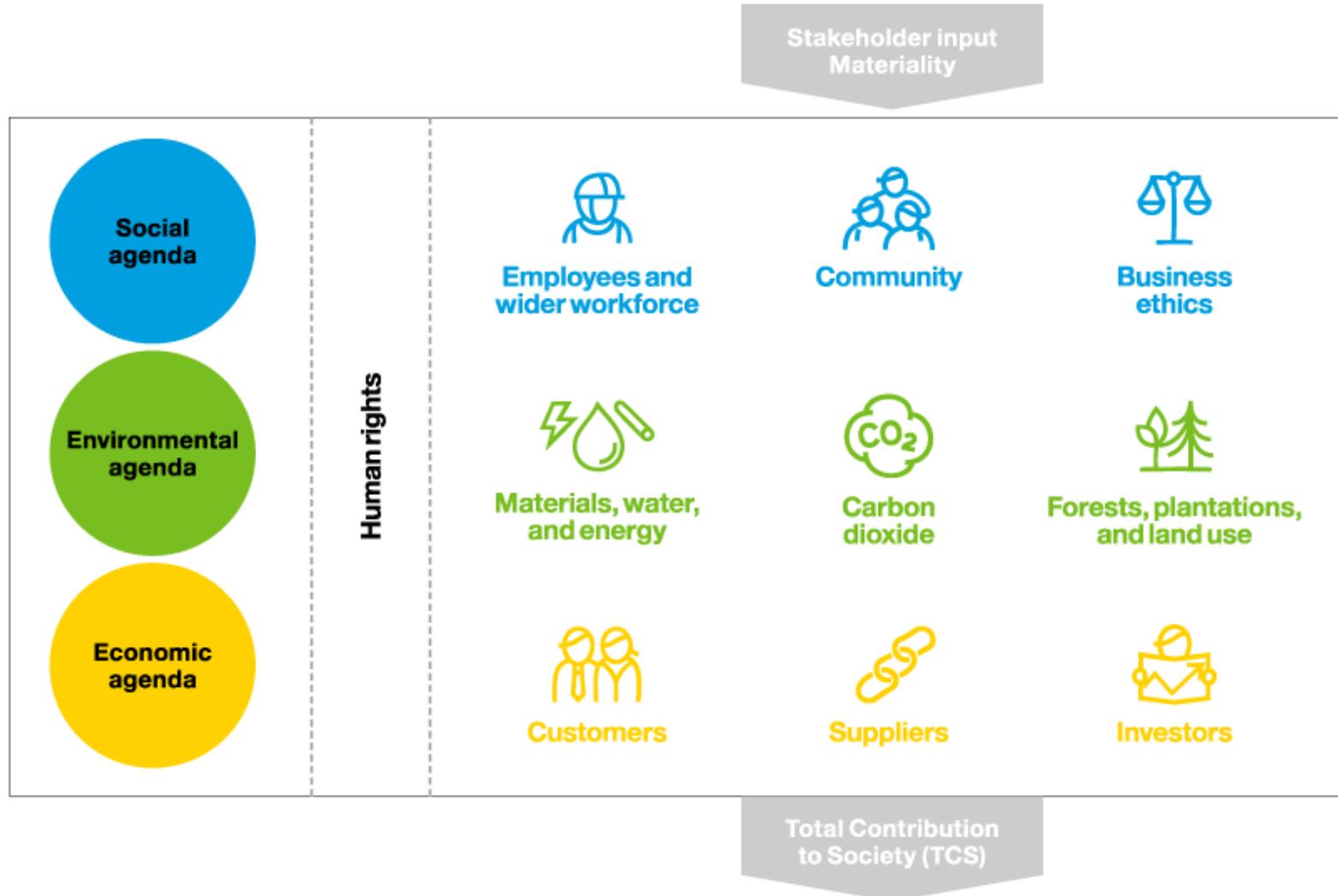
...as The renewable materials company



Everything that's made with fossil-based materials today can be made from a tree tomorrow



Our Sustainability Agenda

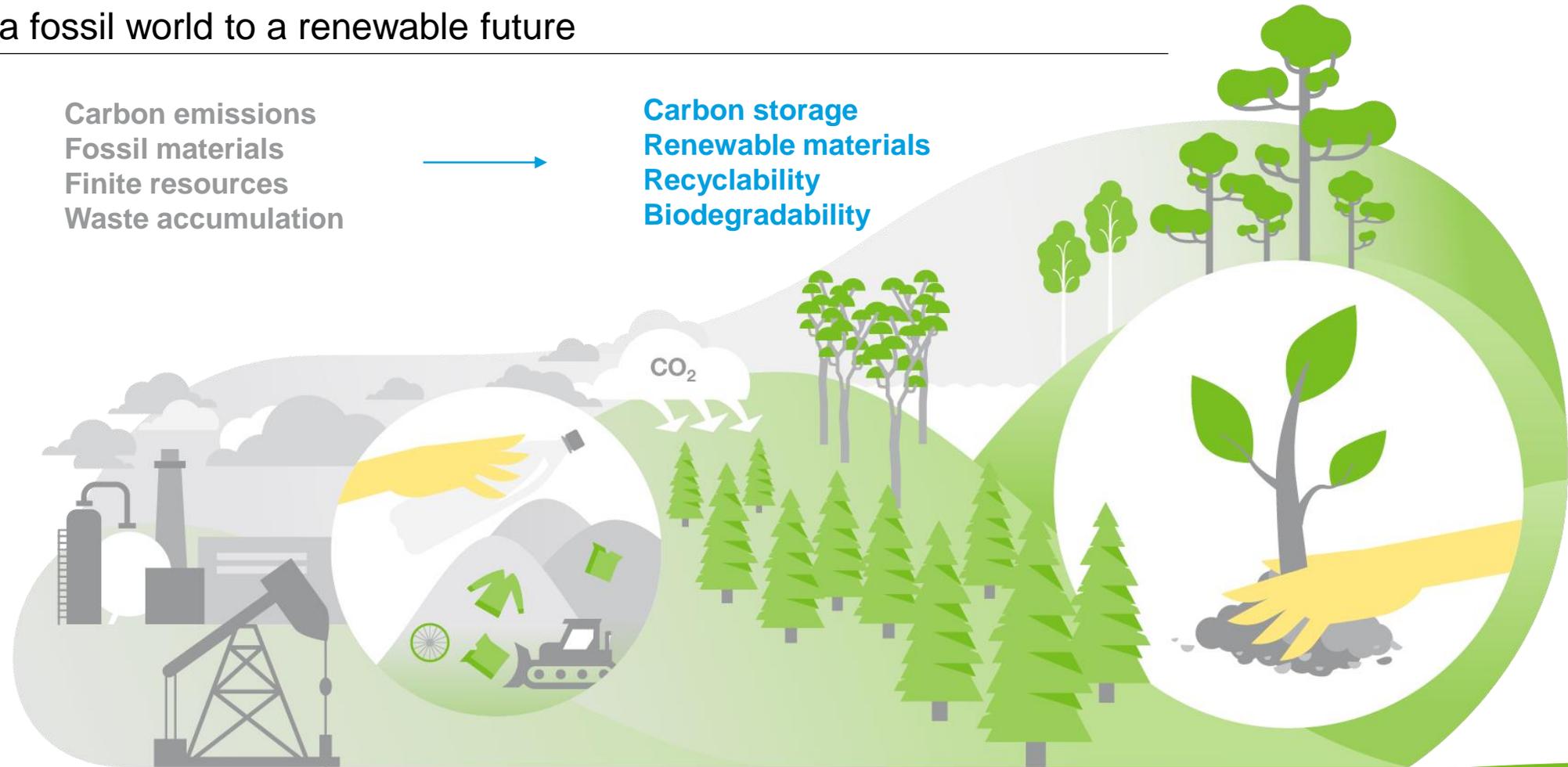


1. We care about all our people
2. We help communities be resilient
3. We play fair
4. We use natural resources with care
5. We combat global warming
6. We respect the local environment
7. We help customers be sustainable
8. We choose like-minded partners
9. We reward investors sustainably

The world needs a new approach to materials



From a fossil world to a renewable future



Renewable products make a circular bioeconomy



Ambitious reduction targets for CO₂



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- First forest products company to set externally approved science-based targets
- Targets for our operations
 - Reduce greenhouse gas emissions by 31% per tonne by 2030 vs 2010
- Engagement targets for our suppliers
- Engagement targets for our customers

Q4 Interim Report

	Q4/19	2019	Target	Target to be reached by
Reduction of fossil CO ₂ -e emissions per saleable tonne of pulp, paper and board (kg/t)	-22%	-25%	-31%	end of 2030

Science-based target (SBT) performance compared to 2010 base-year level¹

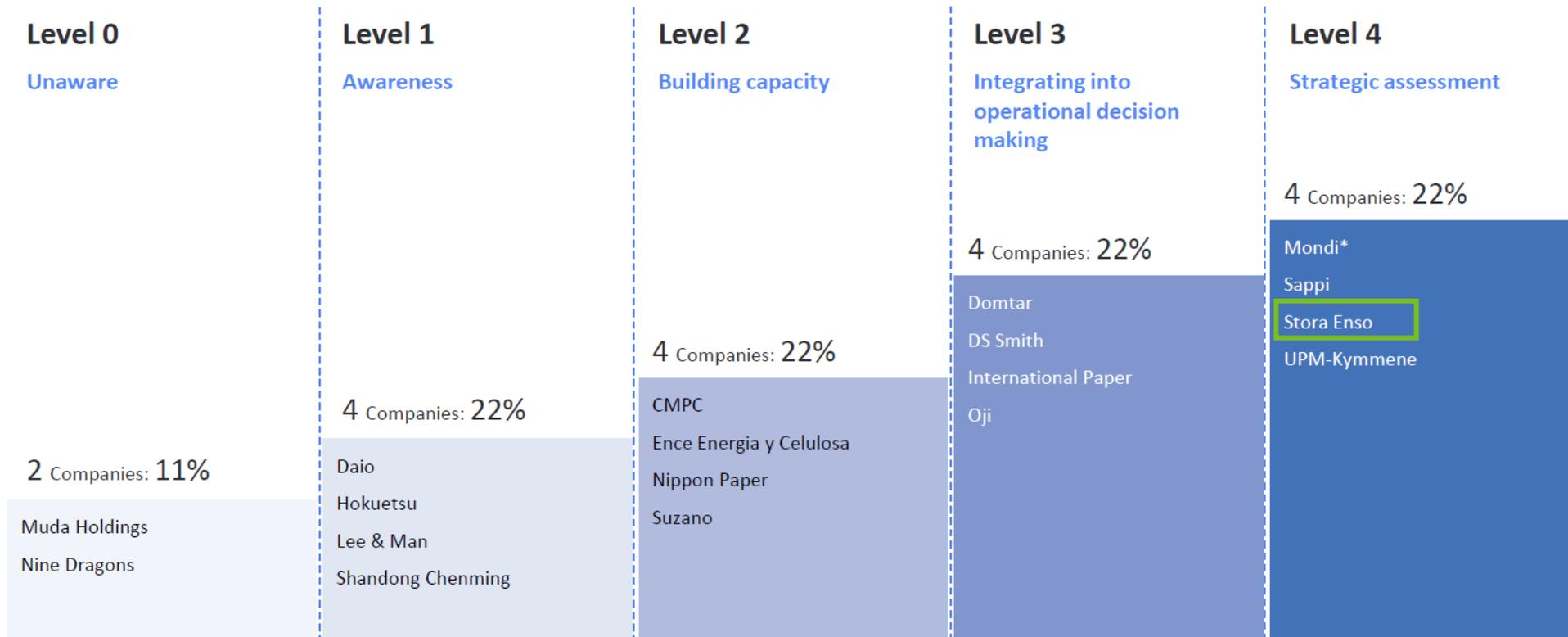
¹ Covering direct fossil CO₂-e emissions from production and indirect fossil CO₂-e emissions related to purchased electricity and heat (Scope 1 and 2). Excluding joint operations.

Management quality and carbon performance of Industrials and Materials companies by TPI



Management Quality level

Companies' Management Quality ratings may not always reflect their most up-to-date disclosures. TPI updates its assessments once a year.



Substituting materials from finite resources is our key competitive advantage



Our total climate benefit:

12
Mt CO₂

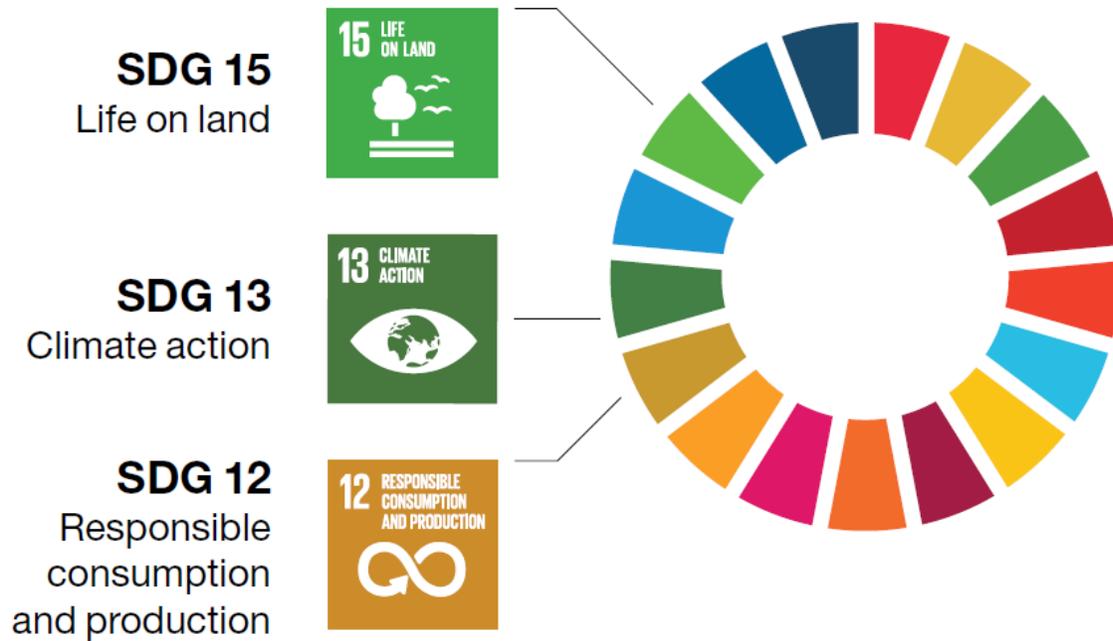
Our products substitute fossil-based products, saving **20 Mt CO₂**

Resource efficient value chain, emissions: **11 Mt CO₂**

Our forests are carbon neutral and absorb **3 Mt CO₂**



The UN's Sustainable Development Goals (SDGs)



Stora Enso supports all 17 SDGs.

We have identified three strategic goals that our business has the most impact on.

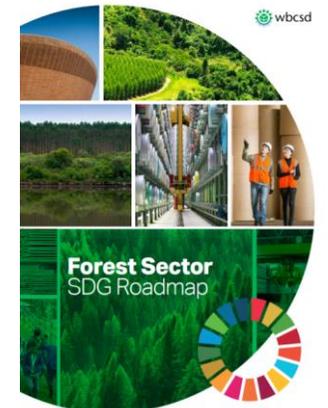
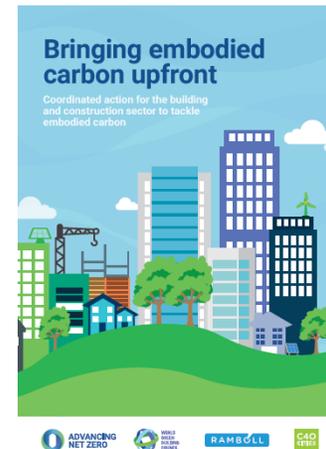
Stora Enso NGO Memberships

-Strategic positioning and future proofing ESG disclosure

- Leadership in a forest products bio-economy
 - Co-chair of the global Forest Solutions Group
- Bio-economy solutions in a circular economy
 - Founding member and program board member of Factor10 – the World Business Council for Sustainable Development’s (WBCSD) Circular Economy program
- Bio-economy solutions for a climate neutral economy
 - Active member of the EU Corporate Leaders Group
- Tapping into the growing green building market
 - Regional member of the World Green Building Council
- Future proofing ESG disclosure
 - Board member of the WBCSD Redefining Value program and member of Accounting for Sustainability (A4S) CFO Leadership Network Europe



CEO Guide to the Circular Bioeconomy



Human rights - Integrated into our sustainability work



- Human rights risks are taken into account before any investment decision is made and throughout our operations.



- Our human rights commitment covers all our activities and business relationships including:
 - Employees
 - On-site contractors
 - Suppliers
 - Business partners
 - Local communities.
- We have defined **eight highest priority human rights** that are the focus of our due diligence programme.

External recognition in 2019



Euronext Vigeo

Stora Enso is listed in the Euronext Vigeo Europe, and Eurozone 120 indices as one of the 120 most advanced companies in terms of environmental, social, and governance performance.



FTSE4Good

FTSE4Good Index

Stora Enso is included in the FTSE4Good Index Series. These indices measure the performance of companies that meet globally recognised corporate responsibility standards.



ECPI Ethical Indices

Stora Enso is included in the ECPI EMU Ethical Equity index, which covers environmental, social, and governance criteria.



ISS ESG

Stora Enso is classified as 'Prime' by ISS ESG environmental, social and governance rating methodology.



MSCI

In 2019, Stora Enso received a rating of AA in the MSCI ESG Ratings assessment. Stora Enso is included in several of MSCI's ESG indices.



CDP

Stora Enso is included in CDP's Climate List, which identifies the global companies that are taking leadership in climate action.



STOXX ESG indices

Stora Enso is included in several STOXX ESG indices. These indices rate leading global companies according to environmental, social, and governance criteria.



Ethibel

Stora Enso is a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe. The ESI indices are composed of companies that display the best performance in the field of corporate social responsibility.

OMX Sustainability Finland index

Stora Enso is included in the NASDAQ OMX Sustainability Finland index.



Ecovadis

Stora Enso was included in the top 1% (industry suppliers) of the Ecovadis ethical supplier rating system, and achieved the highest recognition level (Gold).



Sustainability Reporting Awards Finland

Stora Enso's Sustainability Report 2017 was ranked best by the media in a competition organised by seven not-for-profit organisations representing various sectors of society. The report was short-listed among the 10 best reports in the overall competition.



ReportWatch

Stora Enso's Sustainability Report 2017, part of our Annual Report, was included in ReportWatch's Best Practices in Annual Sustainability Reporting.



WBCSD

Stora Enso's Sustainability Report 2018 was included in the top ten sustainability reports globally according to the 2019 Reporting matters publication by the World Business Council for Sustainable Development (WBCSD).



Equileap

Ranked globally at number 29, Stora Enso was also rated the best performing Finnish company and best in our industry in gender balance and gender equality by Equileap.

Most sustainable company 2018

In November 2018 Stora Enso was ranked as the most sustainable listed company in Sweden by Dagens Industri, Aktuell Hallbarhet, and Lund University School of Economics and Management.

New divisional structure as of 1 January 2020



Growth			Cash
 <p>Packaging Materials Consumer board and container board business</p>	 <p>Packaging Solutions Corrugated packaging together with recently created formed fiber unit</p>	 <p>Biomaterials No changes</p>	 <p>Paper No changes</p>
 <p>Wood Products No changes</p>	 <p>Forest Nordic forest assets and Wood Supply operations in Nordics, Russia and Baltics</p>		

The restated figures for the new divisional structure will be published during Q1/2020

Record high cash flow, good working capital management

Summary financials Q4 2019



MEUR	Q4/19	Q4/18	Change% Q4/19- Q4/18	Q3/19	Change% Q4/19- Q3/19	2019	2018	Change% 2019-2018
Sales	2 411	2 657	-9.3%	2 402	0.4%	10 055	10 486	-4.1%
Operational EBITDA	259	405	-36.0%	376	-31.0%	1 542	1 878	-17.9%
Operational EBITDA margin	10.8%	15.3%		15.7%		15.3%	17.9%	
Operational EBIT	112	271	-58.8%	231	-51.7%	953	1 325	-28.1%
Operational EBIT margin	4.6%	10.2%		9.6%		9.5%	12.6%	
Profit before tax excl. IAC	678	267	153.4%	152	n/m	1 329	1 190	11.7%
Net profit for the period	519	299	73.9%	59	n/m	856	988	-13.4%
EPS excl. IAC, EUR	0.69	0.33	113.2%	0.13	n/m	1.34	1.29	3.9%
EPS (basic), EUR	0.66	0.39	71.2%	0.09	n/m	1.12	1.28	-13.1%
Operational ROCE	4.2%	12.4%	-66.1%	8.7%	-51.7%	9.8%	15.5%	-36.8%
Cash Flow from Operations	721	323	123.5%	488	47.8%	1 980	1 365	45.0%
Net debt/last 12 months' operational EBITDA	2.1*	1.1		2.2*		2.1*	1.1	

* Restructuring of Swedish forest holding impact 0.6x in Q4/19 and 0.7x in Q3/19 and adoption of IFRS 16 Leases impact 0.2x in Q4/2019 and 0.3x in Q3/2019

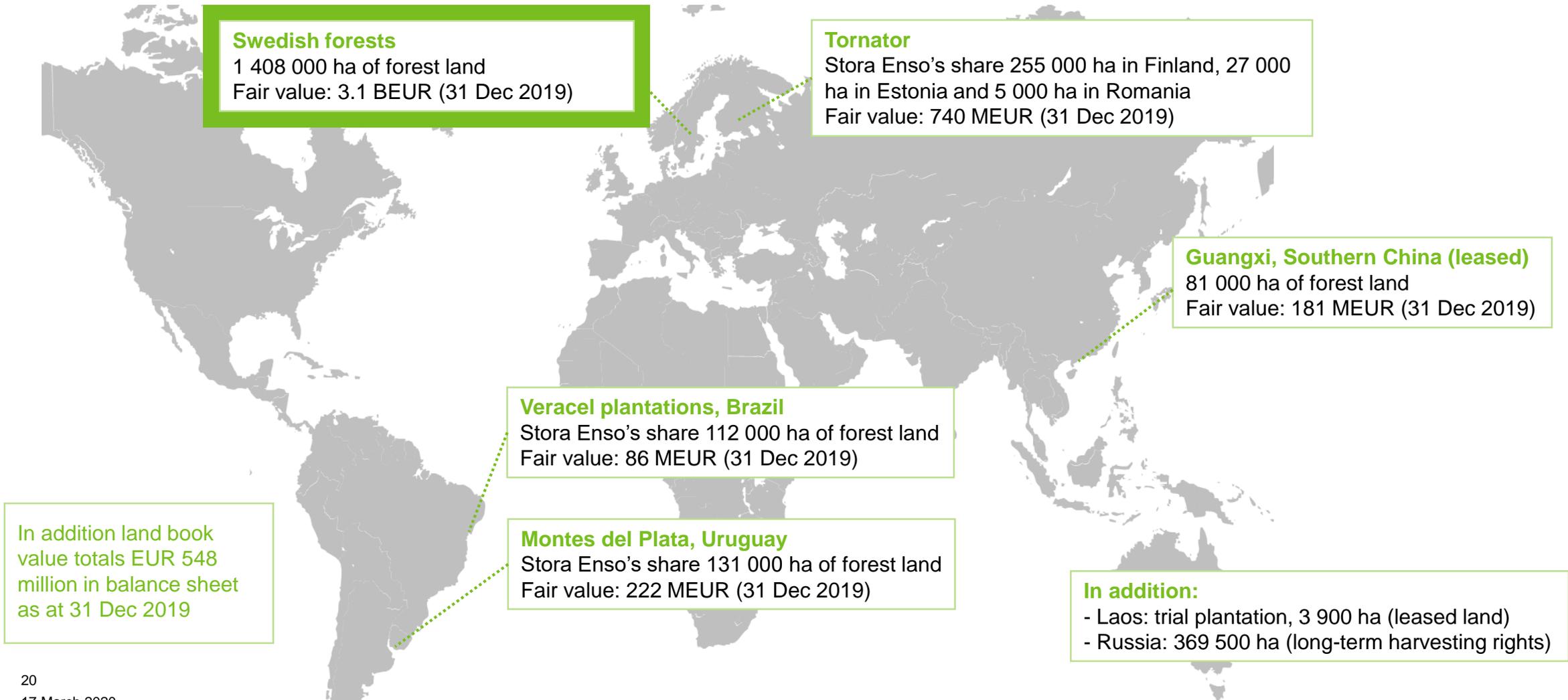
Sustainably managed forests

We respect the local environment



Wood supply substantially strengthened after Bergvik deal

Total biological asset value in balance sheet ~ 4.4 BEUR



Forest fair valuation increased by 777 MEUR



	Productive land (ha)	Price per ha (EUR)	Value (BEUR)*
Forest holdings in Sweden	1 140 000	3 020	3.4
Forest holdings in Finland	262 000	2 960	0.8
Forest holdings in plantations	220 000	3 230	0.7
Total forest holdings	1 622 000	3 040	4.9

	Productive land (ha)	Price per ha (EUR)	Value (BEUR)*
Forest value in Sweden based on LRF**	1 140 000	5 700	6.5
Forest value in Finland based on real estate register***	262 000	3 300	0.9

* Land and biological assets

** LRF Konsult

*** Real estate register (Kiinteistörekisteri) and Stora Enso

Our drivers for accelerating renewable growth



In 2019

7%

of our sales came from new products and services

Long-term target

15%

of our sales is expected to come from new products and services



We see many new opportunities to replace fossil-based materials



Lignin-based products

- Lineo™ by Stora Enso
- Carbon fibre
- Carbon for energy storage

- **Market size 1.2 BEUR**
- **Growth ~20%/a**
- **EBITDA 30–50%**



Biocomposites

- DuraSense™ by Stora Enso for wood-based biocomposites
- Less fossil-based materials with higher share of fibre

- **Market size 7 BEUR**
- **Growth ~15%/a**
- **EBITDA 20–30%**



Liquid packaging MFC

- Source reduction

MFC films

- Functional barriers for paper and board packaging

- **Market size 1.5 BEUR**
- **Growth ~5%/a**
- **EBITDA >20%**

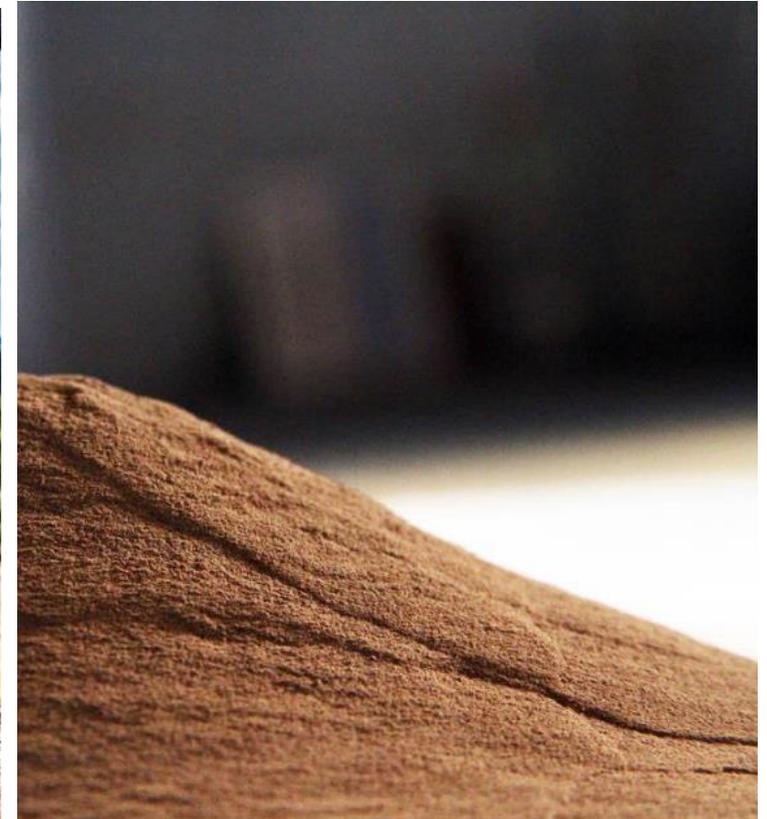
Renewable Lineo™ by Stora Enso can replace fossil-based materials



- Wood-based lignin is a renewable, non-toxic, traceable material
- Environment benefit, for example, in carbon fibres, energy storage and mechanical forest industry
- Today as a replacement for oil-based phenolic materials in glues for example in plywood and paper lamination
- Lignin makes up 20-30% of round wood

Market size; 3Mt for Phenol replacement

Lineo™
by Stora Enso

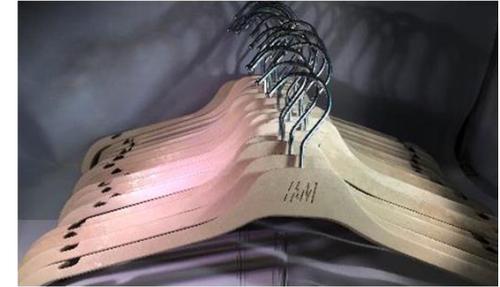


Biocomposites will generate further growth

First time a truly cost-competitive material compared to general purpose plastics



- Revenue creation from totally new production stream
- Market introduction ongoing
 - DuraSense™ by Stora Enso brand launched
 - First commercial deliveries to brand owners and converters started
 - Cooperation with NorDan to develop biocomposite materials for 3D printing ongoing
 - A sustainable and affordable alternative which has the ability to replace rigid plastics in a wide variety of products



Micro-fibrillated cellulose improves product properties and can replace fossil-based materials



Today

- MFC is used to make more durable, lighter, high-quality packaging products

Future potential

- Barrier coating solutions for grease and oxygen barriers
- Biodegradable replacement for aluminium foil
- Carrier for example in cosmetics
- 3D printing





This building
grows back in

17

minutes

We can cut
construction
emissions by up
to 75% using
renewable
materials

Geologen Trummen Strand
Växjö, Sweden

Picture: FOJAB architects



The wood used removed 5 700 tonnes of CO₂ from the atmosphere

..and it equals 40 million car kilometres

Üstra-Siedlung
Hannover, Germany

Sustainability in our funding and reporting



Revolving Credit Facility with a green aspect

Pricing includes sustainability component based on ability to reduce greenhouse gas emissions.



Green Bond Framework

A loan-format to support sustainability-focused fixed income investors and to report environmental impacts.



Green Bonds

First green bonds issued in February in 2019 to finance Bergvik Skog forest acquisition.



Sustainable Finance strategy

The aim is to influence and develop the financial markets and to secure funding partners with sustainability agenda.



Climate-related financial disclosure

CFO support for better disclosure of climate risks and opportunities based on recommendations by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).



Integrated reporting

The World Business Council for Sustainable Development (WBCSD) Redefining Value Board and programme: work on international reporting frameworks, materiality assessment standards, and data assurance methodologies.





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Thank you!