



storaenso

Stora Enso – driving a sustainable future

Annette Stube, EVP, Sustainability
Ulla Paajanen, SVP, Head of IR

10 March 2021

THE RENEWABLE MATERIALS COMPANY

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

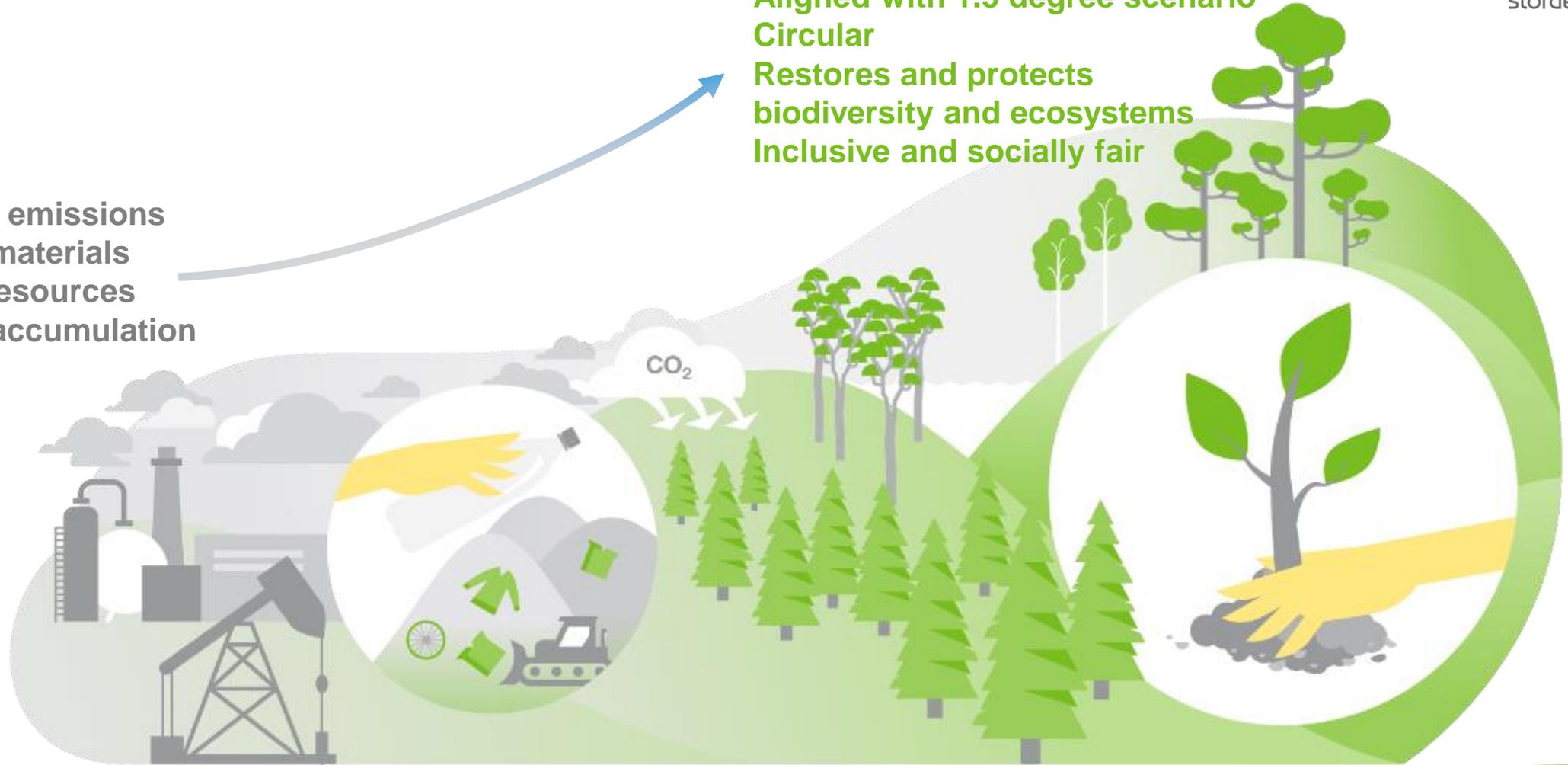


The world needs a new approach to consumption



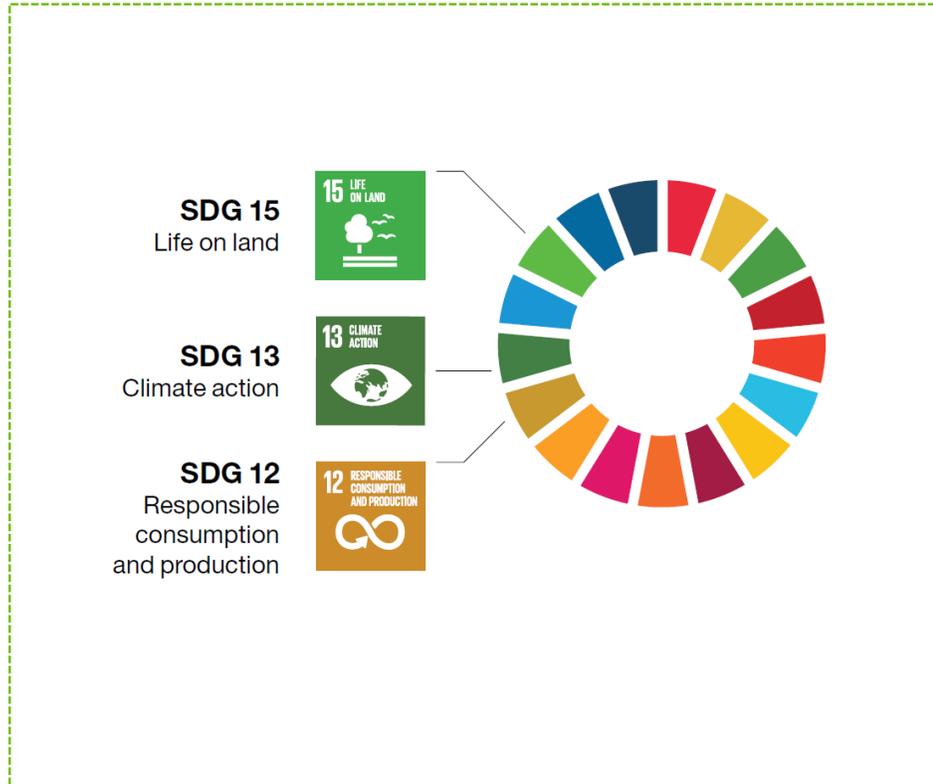
Carbon emissions
Fossil materials
Finite resources
Waste accumulation

Aligned with 1.5 degree scenario
Circular
Restores and protects
biodiversity and ecosystems
Inclusive and socially fair



A new sustainability roadmap

Global priorities are also Stora Enso's priorities



Climate change



Biodiversity



Circular economy

RESPONSIBLE BUSINESS PRACTICES

Environment * Social * Transparency

Our renewable products are circular by nature - Group-wide circular design principles launched in 2020

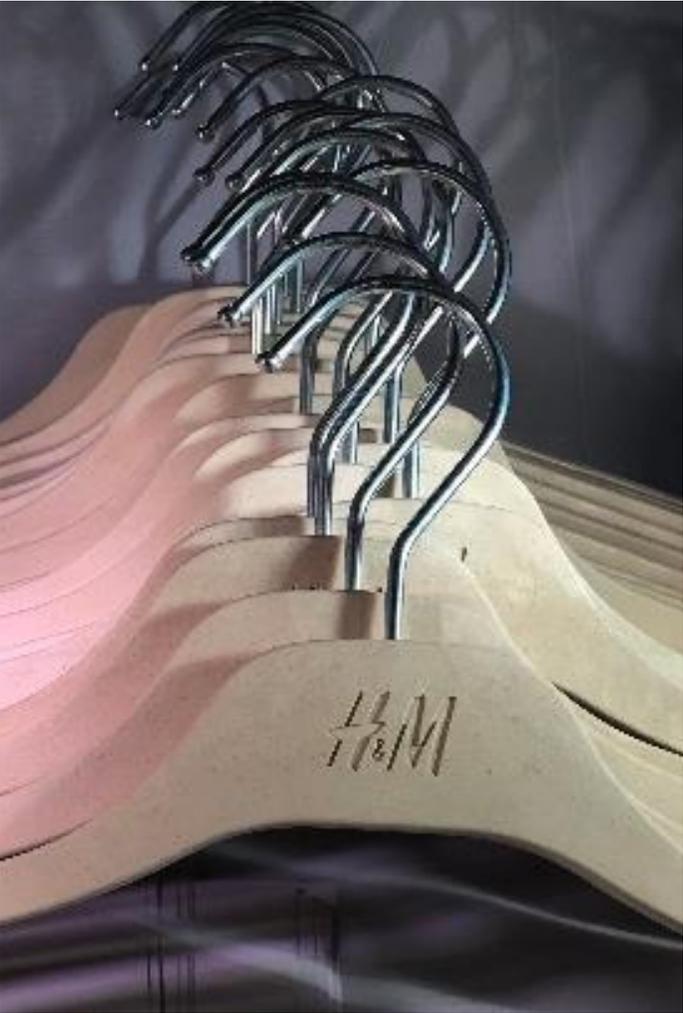


Google chooses renewable materials



Google
London, England

Biocomposites – gradually replacing plastic





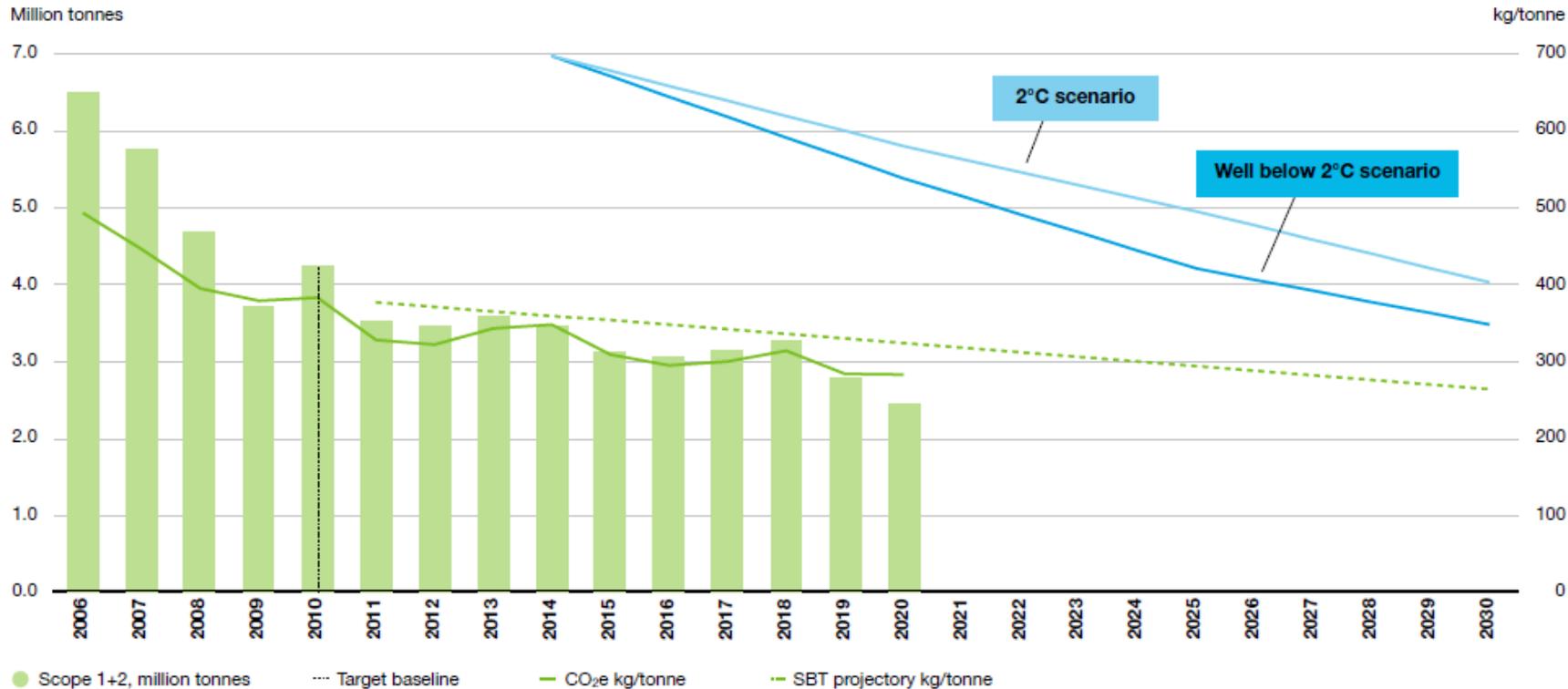
**Fashion from a
tree**

TreeToTextile
partnership to develop
woodfibre-based
textiles

Climate change: Well below 2 degree scenario



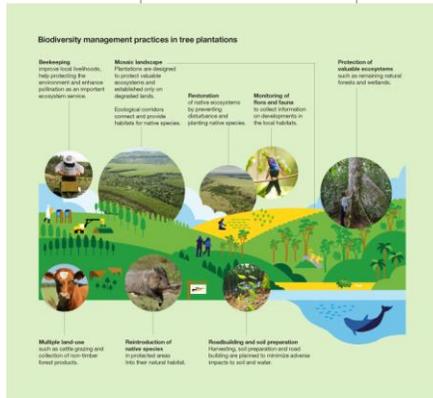
Stora Enso's GHG performance^{1,3} and scenarios for the forest industry²
Greenhouse gas emissions (GHG) in relation to production



Scope 1+2	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 ⁴	2017	2018	2019	2020	Target 2030
Million tonnes	6.5	5.75	4.69	3.70	4.22	3.53	3.45	3.59	3.46	3.12	3.05	3.14	3.27	2.77	2.45	
kg/tonne	493	446	395	379	383	328	322	343	348	309	295	300	314	284	283	264

- In 2020, our CO₂e emissions per saleable tonne of board, pulp, and paper were 26% lower than the 2010 benchmark level
- Target to reduce greenhouse gas emissions by 31% per tonne by 2030 vs 2010 level
- Stora Enso was the first forest products company who set externally approved science-based targets

Biodiversity management practices in Northern forests



Decaying wood
Decaying wood provides an important habitat for a wide variety of forest species.

High stumps
During harvesting, we make artificial snags to increase the amount of deadwood.

Retention trees
Provide continuum of decaying wood for forest species, such as birds who need it for nesting.

Protection of valuable sites
In forest management planning, we identify and protect ecologically and culturally valuable sites.

Forest structure
Variation in forest structure helps to maintain species and habitat diversity.



Controlled burning
Creates suitable habitats for many fire-dependent species and enhances forest regeneration.

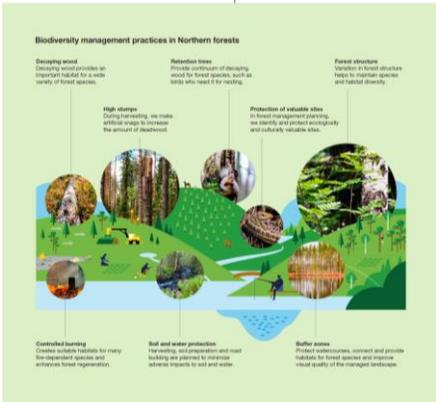
Soil and water protection
Harvesting, soil preparation and road building are planned to minimize adverse impacts to soil and water.

Buffer zones
Protect watercourses, connect and provide habitats for forest species and improve visual quality of the managed landscape.

Protecting biodiversity

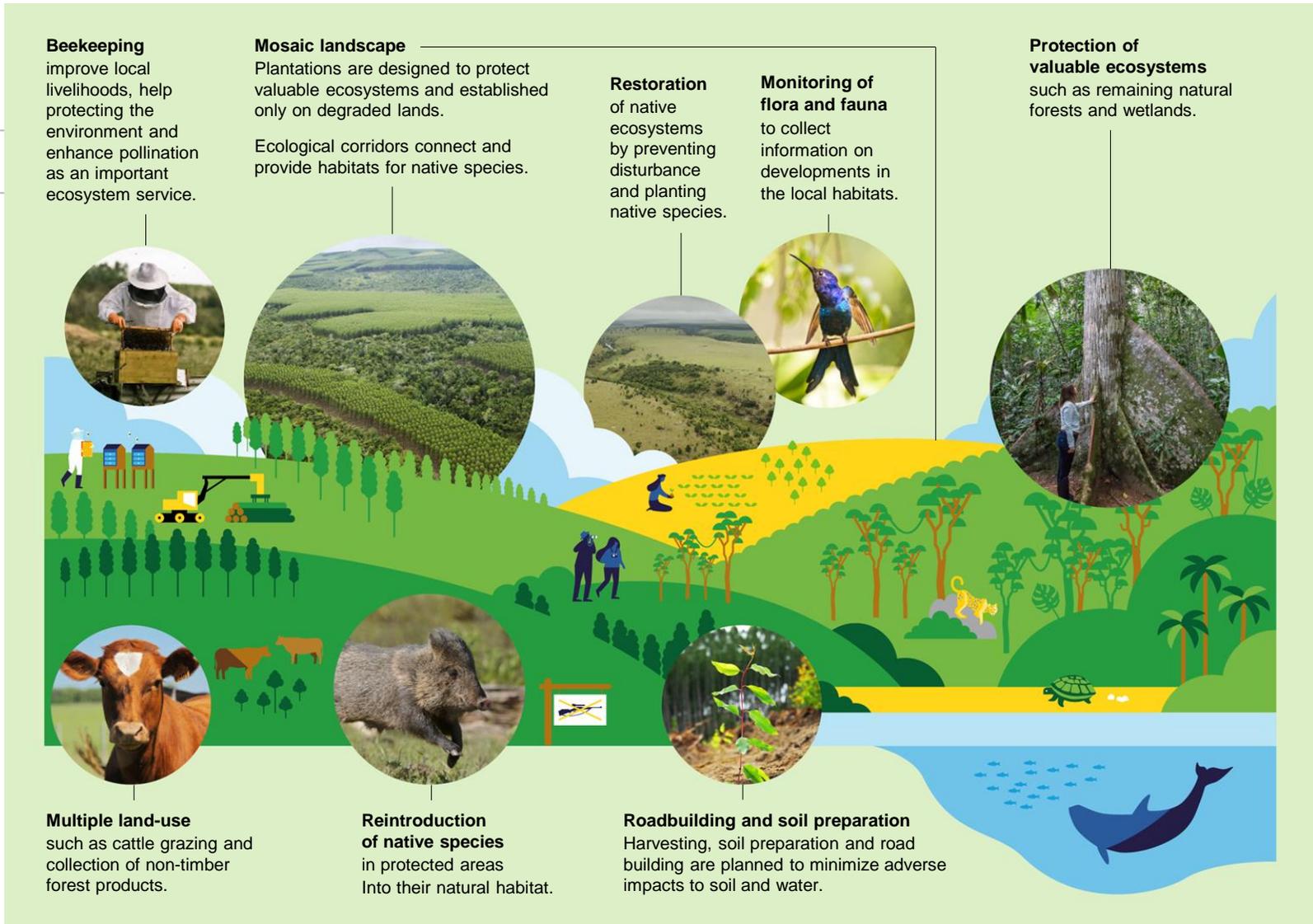
We ensure that forests grow more than they are harvested, and that biodiversity is an integral part of everyday forest management.

Biodiversity management practices in tree plantations



Protecting biodiversity

Plantations are designed and managed in local land-use context. Landscape typically consists of a mosaic of areas for both intensive wood production and biodiversity conservation.



The Green Deal: from vision to implementation

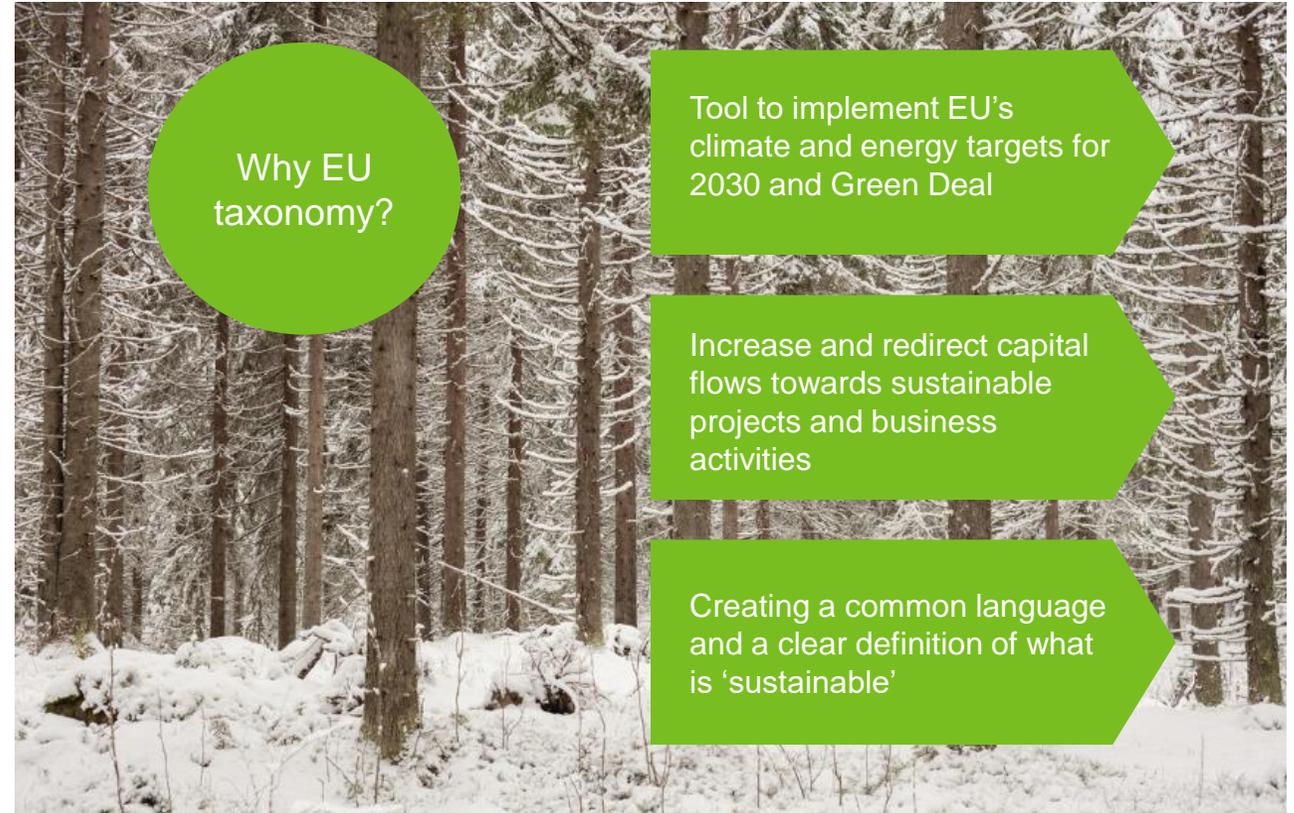


● Circular economy ● Climate ● Forestry

EU Taxonomy update



- Delegated act with taxonomy criteria for forestry delayed until April
- Stora Enso continues to make representations to explain and inform member states and the EU Commission on the forest sectors contribution in tackling climate change
- EU Taxonomy should:
 - Recognise the benefits of the substitution effect
 - Revise definitions for afforestation and sustainable forest management
 - Remove the fertilizer and non-native species criteria
 - Introduce carbon-based metrics for construction
 - Be based on existing EU regulation and aligned with RED II



Everything we do has an impact on people



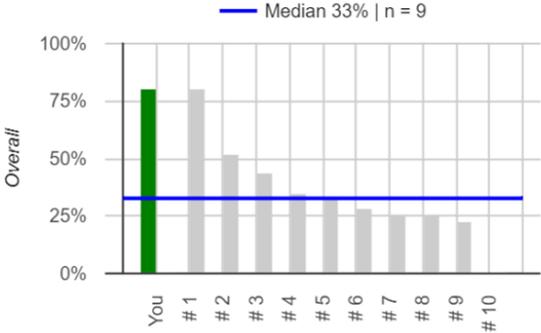
We assess our risks and impacts to people throughout our operations, including:

- When interacting with
 - employees
 - suppliers
 - communities
- In investment decisions
- When we innovate

Top-ranked for our human rights reporting by WBCSD in 2020

UNITED NATIONS
GUIDING PRINCIPLES
ON BUSINESS
& HUMAN RIGHTS

Sector:
Overall score for sector top ten*



Ensuring a green recovery and just transition – while seizing the opportunities





storaenso

Stora Enso's renewed strategy

Shaping our business for higher growth and value



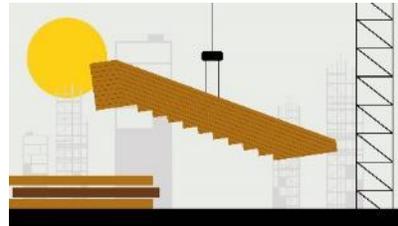
Growth



Packaging Materials



Packaging Solutions



Wood Products:
Building Solutions



Biomaterials: Innovations

Foundation



Forest



Wood Products:
Traditional wood products



Biomaterials: Pulp

Cash



Paper

Forest assets significant share of the balance sheet

All figures total forest assets including biological assets and forest land*

Group forest assets
Biological assets: 5.0 BEUR
Forest land*: 2.3 BEUR

98% certified wood from own forests

Sweden
5.6 BEUR
(Market transaction-based fair value)

Tornator (41%)
825 MEUR
(DCF) (Q4/20)

Montes del Plata (50%)
418 MEUR
(DCF) (Q4/20)

Veracel (50%)
93 MEUR
(DCF) (Q4/20)

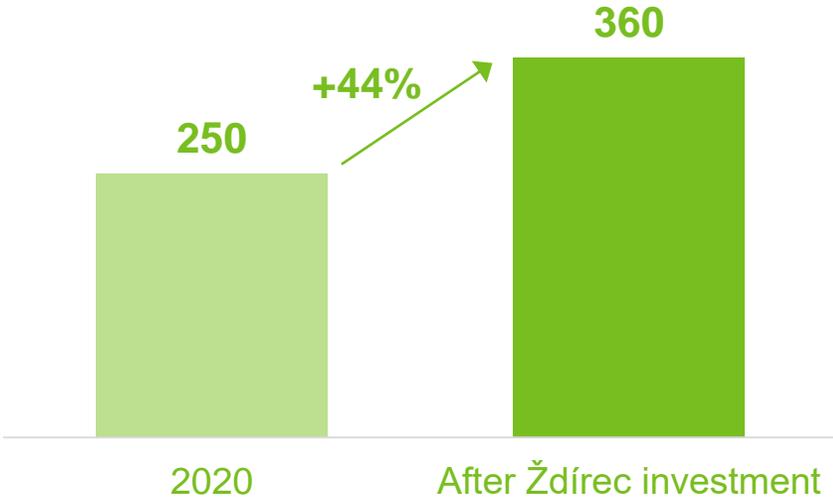
Guangxi
359 MEUR
(DCF) (Q4/20)

*including leased land

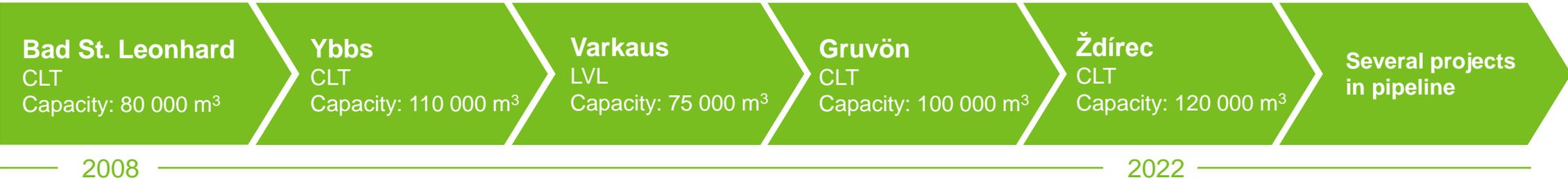
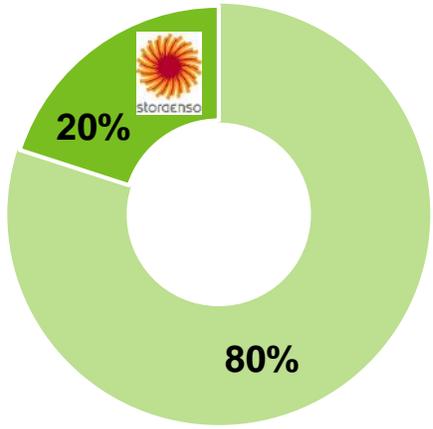
Global market leader of wood-based Building Solutions



Stora Enso Cross Laminated Timber (CLT) capacity (k m³)



Stora Enso global CLT market share in 2020



SASB reporting started in 2020



- Stora Enso started to report in 2020 against the Standards by the Sustainability Accounting Standards Board (SASB) which aims to improve sustainability reporting for investors
- Relevant standards within SASB's Renewable Resources & Alternative energy section
 - Forest Management
 - Pulp & Paper Products
- Specific indicators in these two Standards relate to financially material topics in the industry such as sustainable forest management and certification, GHG emissions, air quality, energy management, water management and supply chain management



SASB is an independent non-profit organisation that develops its standards based on extensive feedback from companies, investors and other market participants as part of a transparent, publicly-documented process.

Link to SASB online index:

https://www.storaenso.com/-/media/Documents/Download-center/Documents/Annual-reports/2020/STORAENSO_SASB_2020.pdf

Our progress with TCFD



- TCFD is a framework for disclosing climate-related risks and opportunities that goes beyond current practices
- Our first TCFD disclosure in the Annual report 2019
- In 2020, our work focused on a qualitative scenario assessment for physical climate-related risks and opportunities in the Nordic forests
- TCFD index table available for investors



The TCFD recommendations encourage companies to use scenario analysis to help ensure that their strategies are resilient to climate change in a range of possible future states

Sustainable finance at Stora Enso



- Green bond framework in 2018
- RCF with part of pricing linked to CO₂ reduction
 - EUR 600 million with 13 banks
- Green bond issuance
 - SEK 6.0 billion issued in 2019 in equal tranches for 2.5 and 5 years
 - Green bilateral funding SEK 1.0 billion signed in 2019 for 7 years
 - SEK 3.1 billion issued in 2020 for 5 years
 - EUR 500 million issued in 2020 for 10 years

- Included in numerous sustainability indices



FTSE4Good



THE RENEWABLE MATERIALS COMPANY

Sustainability performance in 2020



Key performance indicator (KPI)		2020	2019	2018	Targets	Progress
	Human rights Implementation of Human Rights due diligence programme	22 out of 24 development actions finalised in Group function processes	24 development actions mapped in Group function processes	Eight highest priority human rights defined	Actions to address the development findings in Group function processes to be completed by the end of 2020	Not achieved
	Employees and wider workforce Total Recordable Incident (TRI) rate ¹	6.1	7.0	6.1	4.7 milestone by the end of 2020 New milestone will be communicated in the Interim Report for Q1 2021	Not achieved
	Leadership Index ²	84	83	83	85 by the end of 2022	In progress
	Community % of working hours and in-kind in community investments (CI) ³	41%	46%	50%	70% by end of 2023 while also increasing the total CI	In progress
	Business ethics Code of Conduct Index ²	86	84	85	Positive trend	Achieved
	Materials, water, and energy Number of significant environmental incidents ⁴	8	9	8	Zero significant incidents	Not achieved
	Materials: Process residuals utilisation rate (%) ⁵	98%	98%	98%	Maintain the high utilisation rate of 98%	Achieved
	Water: Total Water Withdrawal per saleable tonne of board, pulp, and paper (m ³ /tonne)	65	61	56	Decreasing trend from a 2016 base-year (57m ³)	Not achieved
	Water: Process water discharge per saleable tonne of board, pulp, and paper (m ³ /tonne)	31	29	26	Decreasing trend from a 2016 base-year (27m ³)	Not achieved
	Energy: Reduction in electricity and heat consumption per saleable tonne of board, pulp, and paper (kWh/tonne)	0.2%	-3.7% ⁶	-3.8% ⁶	-15% by the end of 2020 from a 2010 base-year	Not achieved
	Energy: Projected Energy Savings % (kWh saved/kWh total used, electricity and heat)	-0.9%	-1.4%	-1.3%	-0.8% annual energy saving until 2030	Achieved
	Carbon dioxide Reduction in CO ₂ equivalents per saleable tonne of board, pulp, and paper (kg/tonne)	-26%	-26% ⁶	-18%	-31% by the end of 2030 from a 2010 base-year	In progress
	Forests, plantations, and land use % of the lands owned or managed by Stora Enso that are in wood production and harvesting covered by forest certification schemes	98%	98%	96%	Maintain the high coverage level of 96%	Achieved
	Suppliers % of supplier spend covered by our Supplier Code of Conduct	96%	96%	95%	Maintain the high coverage level of 95%	Achieved

¹ Number of incidents among our own employees per one million hours worked. Including joint operations Veracel and Montes del Plata.

² Measured in the annual employee survey.

³ Excluding joint operations. Community investments cover cash donations, employee working hours for voluntary community work, and in-kind.

⁴ Environmental incidents involving a non-compliance with environmental legislation or a permit, or a significant stakeholder concern related to environmental performance. For more details, see page 42.

⁵ Utilisation rate for process residuals excluding, for example, tall oil, turpentine, and wood chips.

⁶ Recalculated due to additional data or organisational scope changes after the previous report. Read more about our calculation principles in Reporting scope.