

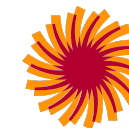


StoraEnso

Q1 2024

# Stora Enso ESG investor presentation

The renewable materials company



# Disclaimer

It should be noted that 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 within the meaning of the United States Private Securities Litigation Reform Act of 1995. 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.



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## Stora Enso in brief

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.

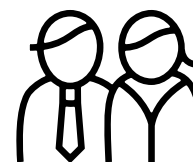
Stora Enso shares are listed on NASDAQ OMX Helsinki and Stockholm and traded in the USA as ADRs and Ordinary Shares.



Sales  
**€9.4 billion**  
in 2023



Operational EBIT  
**€342 million**  
in 2023



**~20,000**  
employees

Market cap:  
**~€10 billion**

# Global megatrends drive the demand for renewable materials



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Circularity



Eco-awareness



Climate change



Resource scarcity

Our aim is to replace non-renewable materials with renewable products. This purpose underpins our commitment to accelerate the transition to a circular bioeconomy through forests that sequester carbon and wood-based products replacing fossil-based alternatives.

We strive to balance carbon flows, safeguard forests and nature, and have the most effective use of renewable materials.



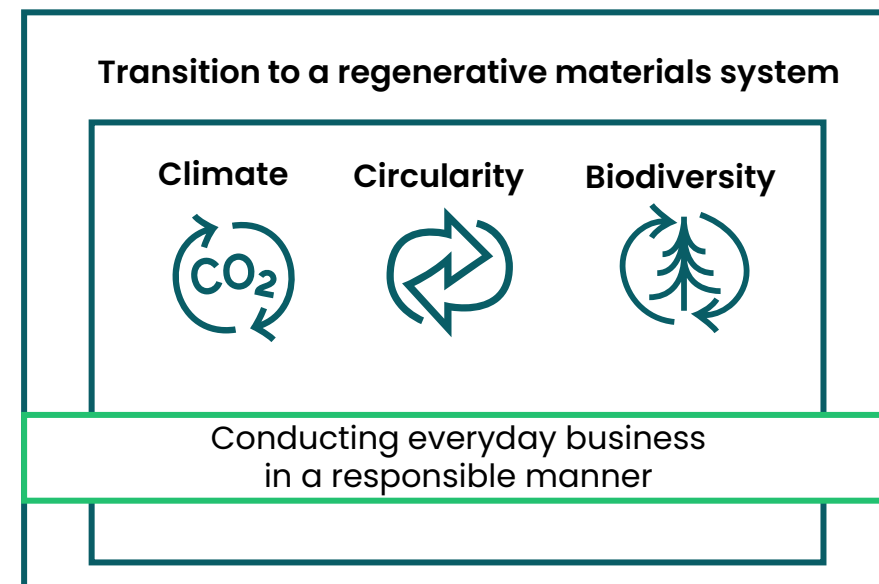


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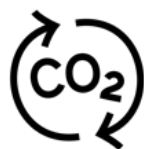
# Long-term regenerative ambition

Our long-term ambition is that all of our products and solutions will be **100% regenerative by 2050**: renewable and fully circular products and solutions that help reduce climate impacts by sequestering more carbon than they emit as well as supporting biodiversity restoration.

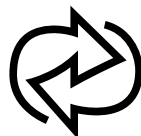
Our sustainability framework is premised on actively contributing to mitigate climate change and halt biodiversity loss. It stands on a foundation of conducting everyday business in a responsible manner.



## Regenerative ambition guided by intermediate targets for 2030



**-50%**  
reduction in absolute emissions (Scope 1,2,3)



**100%**  
recyclable products



**96%**  
of owned and leased lands covered by forest certification schemes



# Annual climate impact<sup>1</sup>



Our products store carbon<sup>2</sup>

# -2.5

million tonnes of CO<sub>2</sub>



Our products substitute fossil-based alternatives, saving<sup>3</sup>

# -13.4

million tonnes of CO<sub>2</sub>



Our value chain emissions<sup>4</sup>

# 6.5

million tonnes of CO<sub>2</sub>



Our forests remove carbon<sup>5</sup>

# -4.3

million tonnes of CO<sub>2</sub>

<sup>1</sup> Negative value indicates a net removal from atmosphere.

<sup>2</sup> A modelled 100-year average with IPCC tool. Calculated by the Swedish University of Agricultural Sciences (SLU) based on Stora Enso's forest and production figures.

<sup>3</sup> Describes the amount of GHG emissions avoided from using our products and biomass energy compared to more carbon-intensive fossil products and fuels. Calculated based on Stora Enso's product portfolio.

<sup>4</sup> Stora Enso's fossil CO<sub>2</sub>e emissions in 2023 (Scope 1, 2, and 3). Calculated based on the Greenhouse Gas Protocol guidance.

<sup>5</sup> Annual CO<sub>2</sub> sequestration in Stora Enso's owned or leased productive forest lands, three-year annual average.



# ESG recognitions by rating agencies

ESG rating	Stora Enso score/best possible score	Rating compared to peers
CDP	Climate A-/A Forest A/A Water A-/A	Among the highest ranked in the industry
FTSE Russell	4.4/5	Among the highest ranked in the industry
ISS Corporate Rating	B/A+	Among the highest ranked in the industry
ISS QualityScore	Governance 7/1* Social 1/1* Environment 2/1*	Above the industry average
MSCI	AAA/AAA	Among the highest ranked in the industry
Sustainalytics	14.4/0**	Among the highest ranked in the industry
VigeoEiris	71/100	Among the highest ranked in the industry

\*1 to 10 (1 indicating the best possible score) \*\*0 to 100 (0 indicating the lowest risk)



# Sustainability performance Q1 2024

Key performance indicator	31 Mar 2024	31 Dec 2023	31 Mar 2023	Target
Occupational safety: TRI rate, year-to-date	5.4	4.7	5.2	4.6 by the end of 2024
Gender balance: % of female managers among all managers	25%	24%	24%	25% by the end of 2024
Water: total water withdrawal per saleable tonne (m <sup>3</sup> / tonne) <sup>2</sup>	62	61	59	Decreasing trend from 2016 baseline (60m <sup>3</sup> /tonne)
Water: process water discharges per saleable tonne, (m <sup>3</sup> /tonne) <sup>1</sup>	34	35	34	17% reduction by 2030 from 2019 baseline (36m <sup>3</sup> /tonne)
Sustainable sourcing: % of supplier spend covered by the Supplier Code of Conduct (SCoC) <sup>1</sup>	96%	95%	96%	95% or above

<sup>1</sup> Excluding Unit Western Europe in Packaging Solutions.

Stora Enso reports on the above sustainability indicators on a quarterly basis. For full annual overview of Stora Enso's sustainability targets and 2023 performance, see [storaenso.com](https://www.storaenso.com).





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# ESG focus areas



# Our climate commitment

## **50% reduction by 2030**

Halving CO<sub>2</sub>e emissions by 2030 from the 2019 baseline both in own operations and across the value chain, in line with the 1.5-degree scenario. Verified by the Science Based Target initiative.

## **Net zero by 2040**

Net zero carbon emissions by 2040 across all Scope categories as a signatory of the Climate Pledge.

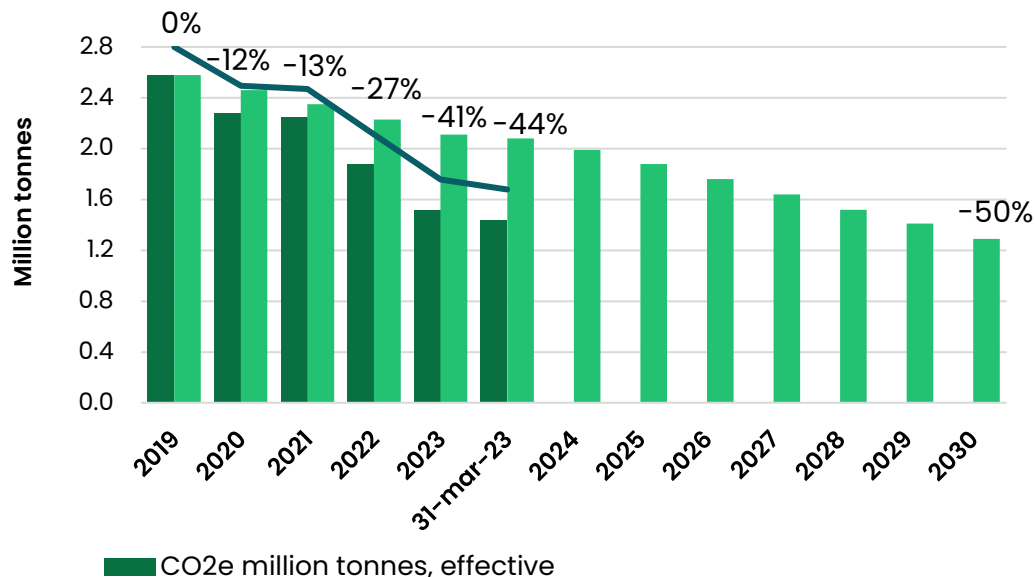
## **Actions**

- Increasing energy efficiency efforts and switching energy sources to renewable ones.
- Collaborations with raw material suppliers, logistic suppliers and customers: product innovation, supply chain optimisation, electrification and supplier decarbonisation.



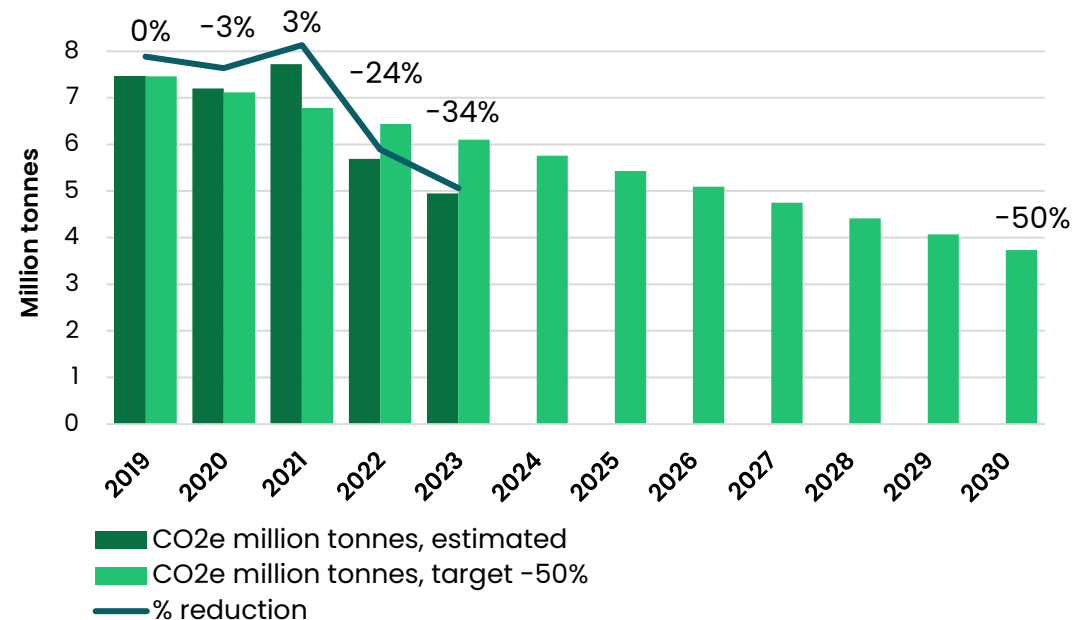
# Progressing towards our 2030 science-based target

## Scope 1 & 2 CO<sub>2</sub>e emissions



By the end of the Q1/2024, the Scope 1 and 2 CO<sub>2</sub>e emissions were 1.44 million tonnes or 44% less than in the base year. The decrease since 2022 is mainly a consequence of lower production volumes, as well as site and production line closures.

## Scope 3 CO<sub>2</sub>e emissions



In 2023, the estimated Scope 3 CO<sub>2</sub>e emissions were 4.95 million tonnes or 34% less than in the base year. The decrease in emissions in 2023 was mainly a result of lower production volumes as well as site and production line closures.

# Reduce, reuse, and recycle materials and resources

- Our process raw materials are largely renewable: wood, recycled board and paper, and purchased pulp, and paper.
- Long-lived, wood-based products serve as carbon capturers, and can be reused, recycled or used for energy at the end of their lifecycle.
- In our own operations, at the end of 2023, 99% of the waste is recycled and utilised either internally or externally.
- Through collaborations in the wider value chain, we aim to increase the value from the company's material streams, such as lignin to be used for energy storage.



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# Innovation and partnerships in circularity

- Our target is to achieve 100% technically\* recyclable products by 2030, placing increased focus on circularity in the innovation processes.
- Designing for recyclability involves the wider value chain. Partnerships are a critical means to contribute to the development of future collection, sorting, and recycling infrastructure, as well as to promote the advancement of recycling technology.
- Our key partnerships include:
  - Industrial-scale recycling programme with Huhtamäki for paper cups in Europe.
  - Participation in an EU-funded consortium research programme, Woodcircles, with the aim to further promote the upcycling, recovery, and recycling of wood construction waste.

## Target to achieve 100% technically recyclable products



■ Technically recyclable products, 94%

■ Balance to 2030 target, 6%

As of 31 Dec 2023

\* Technical recyclability is defined by international standards and tests when available, such as CEPI (Confederation of European Paper Industries) and PTS (Papiertechnische Stiftung), and in the absence of these, by Stora Enso's own tests that prove recyclability.

# Steering actions through the Biodiversity Leadership Programme

- Stora Enso is one of the largest private forest owners in the world, and we recognise our responsibility to safeguard forests and nature, striving for a net positive impact on biodiversity.
- Biodiversity actions are steered through a Biodiversity Leadership Programme to improve biodiversity on the species, habitat and landscape levels.
- Science-based indicators are set to monitor and adapt management practices.



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## Four streams to drive biodiversity performance

1. Biodiversity actions
2. Data, modelling, and analytics
3. Global advocacy and alignment
4. Value innovation



# Tracking biodiversity performance through three sets of indicators

## Impact indicators



monitor harvesting operations

- High stumps
- Ground deadwood
- Soil & water
- Buffer zones
- Tree retention
- Prioritised habitats

## Long-term indicators



monitor developments across the forest landscape

- Broadleaved forests
- Deadwood volume
- Nature value trees
- Old forests
- Set-asides

## Indicators for plantations



monitor biodiversity in tree plantations

- Protected areas
- Restored areas
- Water quality
- Species

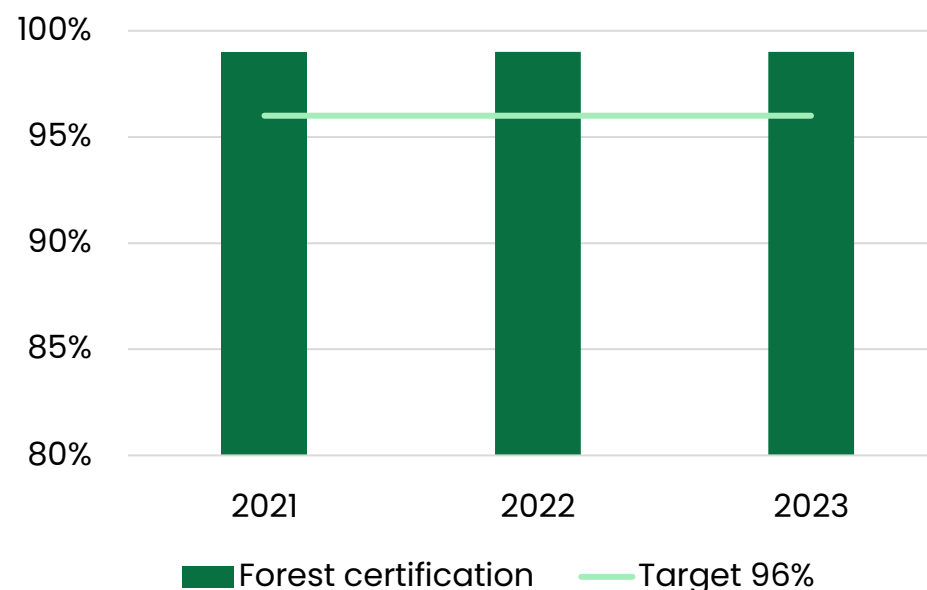
For more details and 2023 performance, see [storaenso.com](https://storaenso.com).



# Certifications for sustainable forest management

- Forest certification ensures that the raw material comes from responsibly managed forests. Biodiversity is an integral part of forest certifications.
- Our forest certification and third-party traceability systems include:
  - Forest Stewardship Council's (FSC<sup>1</sup>) Chain of Custody/Controlled Wood scheme
  - Chain of Custody/Due Diligence System of the Programme for the Endorsement of Forest Certification (PEFC<sup>2</sup>)
  - ISO 14001 environmental management system
- 99% of lands owned and managed by Stora Enso are covered by certification.
- 81% of our wood supply is third-party certified.

**The target is to maintain the forest certification coverage level of at least 96% for own and leased forest lands**



**In 2023, the coverage amounted to 99%**

<sup>1</sup> License number FSC-N001919.

<sup>2</sup> License number PEFC/02-44-22



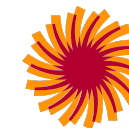


# Freshwater is central to production and forest growth



**All industrial sites are required to comply with Water Management Requirements, standardising improvements across divisions.**

- Surface water accounts for 99% of total water withdrawal in our production processes. Almost 96% of the water is returned to the local ecosystem after being cleaned at treatment plants.
- Although water is relatively abundant at the production sites, water stress may still affect operations locally and through wider supply chains. Water-related risks are evaluated using the WRI Aqueduct Water Risk Atlas.
- The Group's target is to reduce specific process water discharges and decreasing the trend in water withdrawal. Currently, lower production volumes have an adverse impact on water performance per saleable tonne due to the need to maintain a steady water flow at the water treatment plants.



# Fostering a diverse and inclusive workplace

## Diversity, equity, and inclusion

- Promoting a diverse and inclusive working environment throughout the organisation to enhance performance, collaboration, and innovation.
- Zero tolerance for discrimination, harassment, and bullying in any form.
- Employee views on the diversity and inclusion efforts are frequently monitored as part of employee engagement survey, 'Engage'.
- Focus has been placed on activities such as recruiter trainings on inclusive recruitment and unconscious biases as well as analysing the gender pay gap.

## Share of females Q1 2024:

**25%**  
among all  
managers

**25%**  
among all  
employees

**30%**  
in the Group  
Leadership Team

**> 80**  
different  
citizenships

**80%**  
response rate in  
the Engage survey

**~ 8.0**  
engagement score  
in the Engage survey  
(scale 0-10)

Target is to increase the share of female managers to 25% by the end of 2024. However, we recognise that diversity embraces also age, ethnicity, national origin, and other identity aspects.



# Committed to an accident-free workplace

- Our safety commitment applies equally, not only to our own employees, but also to contractors and other visitors at our sites.
- Focus is placed on proactive safety initiatives and the engagement of employees, preventive risk management, the investigation of incidents, and the sharing of findings across divisions.
- In addition to the Key Performance Indicator on Total Recordable Injuries (TRI), we monitor proactive safety reporting using a key indicator called the "Safety Engagement Rate".
- In Q1 2024, the TRI rate was 5.4. The target is to reach 4.6 by the end of 2024.





## Respecting human rights

- The UN Guiding Principles on Business and Human Rights guide our human rights approach, involving the identification of potential risks, mitigating adverse impacts, and implementing remediation measures if needed.
- The Supplier Code of Conduct imposes sustainability requirements on suppliers, including human and labour rights, occupational health, ethical recruitment, and reasonable remuneration.
- The integration of human rights aspects across our business activities is described in the [Human Rights Guidelines](#).

## Engaging with local communities

- We have a long history in engaging with local communities. The form and frequency of the engagement is shaped by the local context.
- Local communities are consulted during the planning and decision-making stages of new investments.
- Community consultations, including Free, Prior and Informed Consent (FPIC), are a key element in our human rights due diligence and forestry operations, especially concerning land leasing and indigenous peoples' rights.

**The Stora Enso Code outlines our approach to ethical business practices, human and labour rights, and the environment.**



# Governance and Board level ESG responsibilities

## Governance practices



Sustainability is owned by the Board of Directors, the President and Chief Executive Officer, and the Group Leadership Team. The CEO holds ultimate responsibility for the implementation of the Group's sustainability agenda.

Sustainability work is led by the Chief Sustainability Officer, who reports to the Executive Vice President, Strategy and Sustainability.

The Board of Directors' Sustainability and Ethics Committee oversees the implementation of Stora Enso's sustainability agenda, and the Ethics and Compliance Strategy.

### ESG as part of the CEO and Deputy CEO remuneration

The Short-Term Incentive (STI) plan includes measures related to the reduction of CO<sub>2</sub> emissions and safety performance, whereas the Long-Term Incentive (LTI) plan metrics include the reduction of CO<sub>2</sub> emissions and gender diversity.



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# ESG reporting and sustainable finance



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# Reporting on our sustainability performance



## Integrated annual report

The report includes a strategy review, sustainability report, corporate governance, remuneration report, and financial report.



## Global Reporting Initiative (GRI)

The sustainability report is prepared in accordance with the GRI Standards covering all General Disclosures and Topic-specific Standards deemed material.



## Sustainability Accounting Standards Board (SASB)

Reporting on the Forest Management and Containers & Packaging standards with topics considered financially material in the industry.



## Taskforce on Climate-related Financial Disclosures (TCFD)

Reporting according to the TCFD framework for disclosing climate-related risks and opportunities.



## Taskforce on Nature-related Financial Disclosures (TNFD)

Among 'TNFD Early Adopters' with the intention to adopt the publish the first TNFD-aligned report in the financial year 2024.



## EU Taxonomy

Reporting on the EU Taxonomy classification system for sustainable economic activities, both taxonomy-eligible and taxonomy-aligned activities.

# Sustainable finance

- Stora Enso has the long-term aim to secure funding partners that have sustainability as a fundamental part of their agenda.
- Stora Enso signed its first sustainability-linked credit facility already in 2017 and published its first Green Bond Framework in 2018.
- The new Green and Sustainability-Linked Financing Framework, launched in May 2023, allows us to issue both green and sustainability-linked financing instruments, as well as a combination of the two.
- The [Green and Sustainability-Linked Financing Report 2023](#) details the projects funded by the proceeds from green financing instruments and the environmental impacts achieved.



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**At the end of 2023, Stora Enso had fourteen outstanding green bonds or bilateral loans, with a total nominal amount of EUR 2,594 million.**





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A world map is shown in a light green color. The text "The renewable materials company" is written in a bold, black, sans-serif font across the center of the map, over the Atlantic and European regions.

**The renewable materials company**