

Stora Enso Green Bonds

Q&A

General questions

What is a Green Bond?

Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles.

What is a Stora Enso Green Bond?

A Stora Enso Green Bond provides an opportunity to investors to invest in sustainable climate and environmental solutions controlled and managed by Stora Enso. The net proceeds from the issuance of a Green Bond will be used exclusively to finance or re-finance Stora Enso Eligible activities.

Why does Stora Enso issue Green Bonds?

Stora Enso has the long-term aim to secure funding partners that have sustainability as a fundamental part of their agenda. We aim to influence and develop the financial markets to ensure that sustainability becomes an integral part of decisions and credit evaluation.

Does Stora Enso have any examples of sustainable or green finance?

Yes, Stora Enso signed a Revolving Credit Facility (RCF) loan in December 2017 where part of the pricing is based on Stora Enso's ability to reduce greenhouse gas emissions per tonne of pulp, paper, and board produced in accordance with the Science Based Targets initiative. The RCF is not directly linked to Stora Enso's Green Bond Framework but is part of the overall aim of Stora Enso to foster the development of sustainable finance.

Does Stora Enso have a second party-reviewed Green Bond Framework?

Yes, Stora Enso commissioned Sustainalytics as an external reviewer to provide a second-party opinion on its framework. Sustainalytics is of the opinion that the Stora Enso's Green Bond Framework is robust, credible, and impactful, and aligns with the four components of the 2017 version of the Green Bond Principles.

- Sustainalytics' second-party opinion is publicly available at: https://www.storaenso.com/-/media/Documents/Download-center/Documents/Investor-relations/2018/GreenBonds_SPO_Sustainalytics.ashx
- Stora Enso's Green Bond Framework can be found at: <https://www.storaenso.com/-/media/Documents/Download-center/Documents/Investor-relations/2018/Green-Bond-Framework.ashx>

Has Stora Enso considered other forms of external reviews (e.g. third-party audits, Green ratings)?

Stora Enso has considered the relevant external reviewers. We have not included specific references to third-party audits or other forms of external reviews (besides the second-party opinion from Sustainalytics) but will consider these as the market develops and based on discussions with investors.

Use of proceeds

How is Use of proceeds (Eligible activities) defined?

The net Use of proceeds from Stora Enso's Green Bonds will be used solely to finance or re-finance projects and activities defined under the Eligible Categories defined in the Green Bond Framework:

- 1) Sustainable Forest Management
- 2) Renewable, Low-Carbon, and Eco-Efficient Products, Product Technologies, and Processes
- 3) Energy Efficiency
- 4) Renewable Energy and Waste to Energy
- 5) Sustainable Water Management
- 6) Waste Management and Pollution Control

Can operating expenditures qualify as Eligible Projects?

Where appropriate, the Use of proceeds may be used to finance operating expenditures related to the projects (e.g. forest management, R&D) and will be tracked on a project or portfolio-basis.

Can Eligible Projects owned and operated by subsidiaries be financed with Stora Enso's Green Bonds?

Yes, projects or investments controlled and managed by Stora Enso, or within one of Stora Enso group controlled subsidiaries, can be deemed eligible.

How far back in time can Eligible Projects be refinanced?

Proceeds from Green Bonds will be used solely to finance or re-finance projects (going back up to two years) and activities defined under the Eligible Categories presented in the Green Bond Framework.

Does Stora Enso's Green Bond Framework stipulate any exclusion criteria?

- For the eligibility category "Sustainable Forest Management": No proceeds will be used to fund the use of genetically engineered trees.
- For the eligibility category "Energy Efficiency": No proceeds will be used for operations that primarily run on fossil fuels.
- For the eligibility category "Renewable Energy and Waste to Energy": Renewable energy is generated using primarily residues and by-products. Harvested wood is used primarily for fibre-based products.

Process for project evaluation and selection

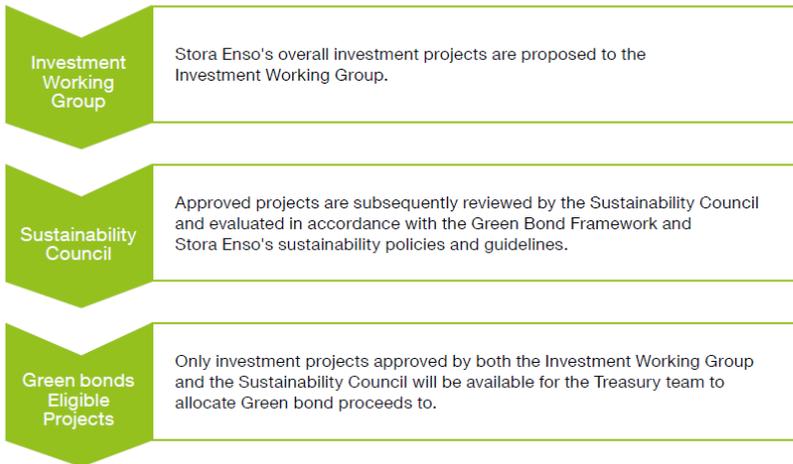
What process for project evaluation and selection will Stora Enso use?

To ensure a credible process for selecting projects we have defined a set of Green Bond-specific steps, which have been integrated into the existing governance model of Stora Enso. See Graph 1 (below) for reference.

How is the voting process in the Sustainability Council set up?

Decisions in the Sustainability Council are made by consensus.

Outline of the Green Bond selection process



Graph 1. Outline of the Green Bond selection process at Stora Enso

Management of proceeds

How will management of proceeds (internal accounting) be handled?

Stora Enso will at all times keep and monitor a separate register of Eligible Projects and net proceeds from the combined Green Bond issuance. If, at any time, the total amount of proceeds from Green Bonds exceed the total value of Eligible Projects, the excess liquidity may be invested according to Stora Enso's liquidity and/or liability management activities. The Treasury team will be responsible for managing this register.

What happens if an approved Eligible Project ceases to meet the eligibility criteria or is sold?

In the case that a previously allocated eligible project ceases to meet the eligibility criteria, is sold, or will otherwise not require its allocated funding, it will be removed from the list of eligible projects. Stora Enso will ensure that a new project (or projects), with a total notional funding need at least equal to the original project, will be substituted at the latest before the maturity of the bond used to provide the initial funding.

Reporting

Will Stora Enso provide regular reporting to investors and the general public?

Yes, in accordance with the Green Bond Principles, Stora Enso will provide an annual update on the activities related to its Green Bonds issuance. In such updates, we will seek to provide information on the allocation of the Use of proceeds as well as relevant impact metrics. Overall sustainability performance is reported annually in Stora Enso's Sustainability Report (www.storaenso.com/sustainability).

Impact metrics (KPIs) are proposed in the Green Bond Framework but may change over time subject to providing a relevant understanding of the impact. For Eligible Activities where KPIs cannot be systematically measured and reported on (e.g. R&D), Stora Enso will seek to provide information on the goals, assumed positive environmental impact, and results of the activities financed.

Sustainability at Stora Enso

How is sustainability integrated in Stora Enso's overall strategy and operations?

Stora Enso's sustainable profitable growth strategy is based on customer insight and innovation, supported by structured processes and motivated employees. Inherent in our strategy, we work to assure the sustainability in all aspects of our operations.

Stora Enso's sustainability strategy is based on the Triple Bottom Line framework. Stora Enso's Sustainability Agenda encompasses the social, environmental, and economic responsibility of our operations throughout the value chain. It addresses the ten sustainability topics identified as material to Stora Enso and our key stakeholders.

How is sustainability governed at Stora Enso?

Sustainability is a key element of Stora Enso's corporate governance, promoted by the Board of Directors, the CEO, and the Group Leadership Team. The CEO carries the ultimate responsibility for the successful implementation of our sustainability strategy. Stora Enso's sustainability work is steered by our Sustainability Council, whose members come from our five divisions, our Sourcing and Logistics function, and the group Sustainability team. The Board of Directors' Sustainability and Ethics Committee oversees the implementation of our sustainability strategy and the ethics and compliance strategy. At Stora Enso, sustainability work is led by the Executive Vice President, Sustainability, who reports directly to the CEO and is part of the Group Leadership Team.

How does Stora Enso's environmental agenda underpin green bonds?

As a renewable materials company, Stora Enso operates at the heart of the bioeconomy and contributes to a circular economy. Our environmental agenda focuses on the following aspects material to Stora Enso and our key stakeholders: materials, water and energy, carbon dioxide and forests, plantations, and land use. These aspects have been considered in the definition of the eligibility categories for Stora Enso green bonds.

Does Stora Enso have any commitments to combat global warming and help deliver on the Paris Agreement?

Yes, in December 2017, Stora Enso became the first forest products company to set ambitious science-based targets for reducing greenhouse gas emissions throughout the company's value chain. The targets were approved by the partners behind the Science Based Targets initiative: the UN Global Compact, WWF, CDP, and the World Resources Institute.

How does Stora Enso contribute to the UN Sustainable Development Goals?

Stora Enso supports all 17 SDGs, but we have identified the following three as strategic goals that our business has the most impact on:

- SDG12: Responsible Consumption and Production
- SDG 13: Climate Action
- SDG 15: Life on Land.

How is sustainability measured and followed up?

In line with our Sustainability Agenda, we have set ambitious targets and key performance indicators (KPIs) for our sustainability work. Progress is regularly monitored at Group level and via division-level business reviews. Consolidated results on our sustainability performance are reported annually in the Sustainability Report. Selected sustainability indicators are also reported quarterly in our Interim Reports.

Are sustainability report contents assured by an independent third-party provider?

The report contents are assured by an independent third-party assurance provider. Our 2017 Sustainability Report was assured with a level of Limited Assurance, and for the third year running, a level of Reasonable Assurance was provided for our direct (Scope 1) and indirect (Scope 2) fossil CO₂ emissions.

Does Stora Enso have any overall ESG ratings?

Yes, examples of ESG ratings include:

- Stora Enso is listed in the Euronext Vigeo World, Europe, and Eurozone 120 indices as one of the 120 most advanced companies in terms of environmental, social, and governance performance.
- Stora Enso is included in the FTSE4Good Index Series. These indices measure the performance of companies that meet globally recognised corporate responsibility standards.
- Stora Enso was top-rated in combatting global warming. CDP has included Stora Enso on its new 2018 Climate A List, which identifies the global companies that are taking leadership in climate action.
- Stora Enso is included in several of MSCI's ESG indices.
- Stora Enso is classified as "Prime" by ISS-Oekom Research's environmental, social, and governance rating methodology. In 2018, Stora Enso also received the best possible Environmental & Social quality score by the Institutional Shareholder Services (ISS).