

Progress Book

Part of Stora Enso's  
Annual Report 2015

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

Stora Enso's Annual Report 2015 consists of four reports: Progress Book, Financial Report, Sustainability Report and Corporate Governance Report. All are available at [storaenso.com/annualreport](http://storaenso.com/annualreport).



**THE PROGRESS BOOK** explains Stora Enso's strategy, how we create value, and how our work is progressing. The publication is available in English, Finnish and Swedish.



**THE SUSTAINABILITY REPORT** covers Stora Enso's sustainability performance, following the Global Reporting Initiative G4 framework.



**THE FINANCIAL REPORT** consists of Stora Enso in capital markets, a summary of our sustainability performance, and the audited Report of the Board of Directors and financial statements.



**THE CORPORATE GOVERNANCE REPORT** covers Stora Enso's corporate governance policy, practices, and actions in 2015.



**Transformation into a renewable materials company continues.**

**Strategy, page 14**



**Wooden fibre provides opportunities to innovate new products.**

**Innovation, page 21**

**92% of our profit came from growth businesses.**

**Divisions, page 24**

**Our expertise in wood and other biomass is focused on responding to customer and consumer demand in a changing world, alongside the sustainable use of nature's resources.**



**Employee survey shows progress in leadership.**

**People and leadership, page 56**



**More than EUR 1 billion was paid into public sectors as taxes in 2015.**

**Tax footprint, page 60**

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# This is Stora Enso

Stora Enso is a leading provider of renewable solutions in packaging, biomaterials, wooden constructions and paper on global markets. Our customers include publishers, retailers, brand owners, print and board producers, printing houses, merchants, converters and joinery and construction companies.

Our aim is to replace fossil-based materials by innovating and developing new products and services based on wood and other renewable materials. We believe that everything that's made with fossil fuels today can be made from a tree tomorrow. Our focus is on fibre-based packaging, plantation-based pulp, innovation in biomaterials, and sustainable building solutions.

The group has some 26 000 employees in more than 35 countries, and is publicly listed on the Helsinki and Stockholm stock exchanges. Our sales in 2015 were EUR 10.0 billion, with an operational EBIT of EUR 915 million.

We use and develop our expertise in renewable materials to meet the needs of our customers and many of today's global raw material challenges. Our products provide a climate-friendly alternative to many products made from non-renewable materials, and have a smaller carbon footprint.

Being responsible – doing good for the people and the planet – underpins our thinking and our approach in every aspect of business.

## Sales, EUR billion

2013		2014		2015
10.6	-3%	10.2	-1.7%	10.0

## Operational EBIT, EUR million

2013		2014		2015
578	+40%	810	+13%	915

## Divisions in brief



### Packaging Solutions

division develops fibre-based packaging, and operates at every stage of the value chain from pulp production, material and packaging production to recycling. Our solutions serve leading converters, brand owners and retailer customers helping to optimise performance, reduce total costs and enhance sales.



**Paper** division provides best-in-class paper solutions for print media and office use. The wide selection covers papers made from recycled and fresh wood fibre. Our main customer groups include publishers, retailers, printing houses, merchants, converters and office suppliers. Our mills are located predominantly in Europe, as well as in China. Three of the mills produce paper based on 100%-recycled fibre.

**Consumer Board** division develops and provides consumer packaging boards for printing and packaging applications. A wide board and barrier coating selection is suitable for design and optimisation of packaging for liquid, food, pharmaceutical and luxury goods. We serve brand owners globally and are expanding in growth markets such as China and Asia Pacific to meet rising demand.



**Wood Products** division provides versatile wood-based solutions for building and housing. Our product range covers all areas of urban construction including massive wood elements and housing modules, wood components and pellets. We also offer a variety of sawn timber goods. Our customers are mainly construction and joinery companies, merchandisers and retailers. Wood Products operates globally and has more than 20 production units in Europe.



**Biomaterials** division offers a variety of pulp grades to meet the demands of paper, board, tissue, textile and hygiene product producers. We also develop new ways to maximise the value extractable from wood, as well as other kinds of lignocellulosic biomasses. Sugars and lignin hold potential for use in applications in the specialty chemical, construction, personal care and food industries. We have a global presence with operations in Brazil, Finland, Laos, Sweden, Uruguay and the USA.

### Key Figures

EUR million	2015	2014	2013 <sup>1</sup>	Change % 2015–2014
Sales	10 040	10 213	10 563	-1.7%
Operational EBITDA	1 352	1 269	1 090	6.5%
Operational EBIT	915	810	578	13.0%
Operational EBIT margin	9.1%	7.9%	5.5%	
Operating profit (IFRS)	1 059	400	50	164.8%
Net profit/loss for the period	783	90	-71	n/m
Net interest-bearing liabilities	3 240	3 274	3 191	-1.0%
Operational ROCE	10.6%	9.5%	6.5%	
EPS (basic), EUR	1.02	0.13	-0.07	
Debt/equity ratio	0.60	0.65	0.61	

**Operational EBIT** comprises the operating profit excluding NRI and fair valuations of the segments and Stora Enso's share of the operating profit excluding NRI and fair valuations of its equity-accounted investments (EAI). Fair valuations and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO<sub>2</sub> emission rights and valuations of biological assets and the group's share of tax and net financial items of EAI.

**NRI** = Non-recurring items are exceptional transactions that are not related to normal business operations. The most common NRIs are capital gains, additional write-downs or reversals of write-downs, provisions for planned restructuring and penalties. NRIs are normally disclosed individually if they exceed one cent per share.

<sup>1</sup> The data for the comparative periods in 2013 have been restated following adoption of the new IFRS



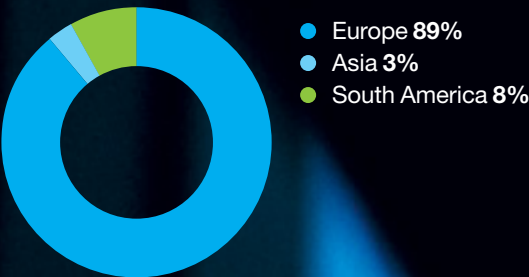
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STORA ENSO WORLDWIDE

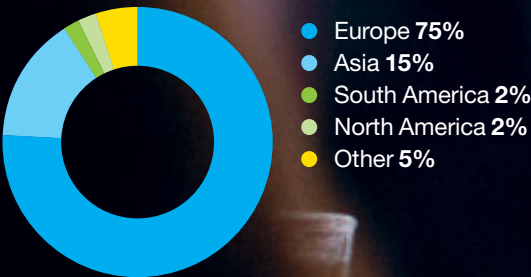
# Serving markets around the world

Stora Enso operates worldwide focusing on utilising expertise in renewable materials and creating value in packaging, pulp, paper and wood. We combine global resources with local presence, service and sustainability.

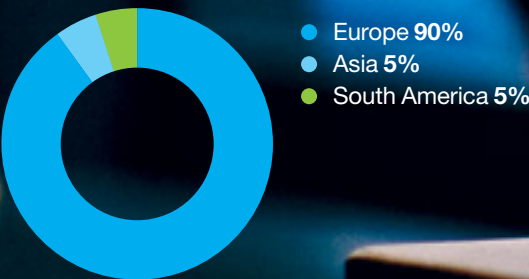
## Sales by origin



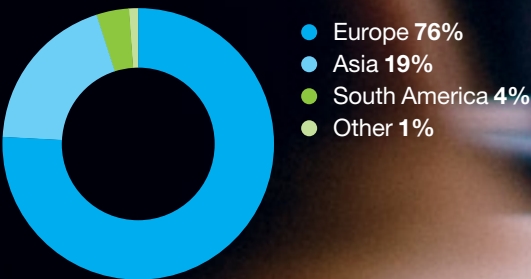
## Sales by destination



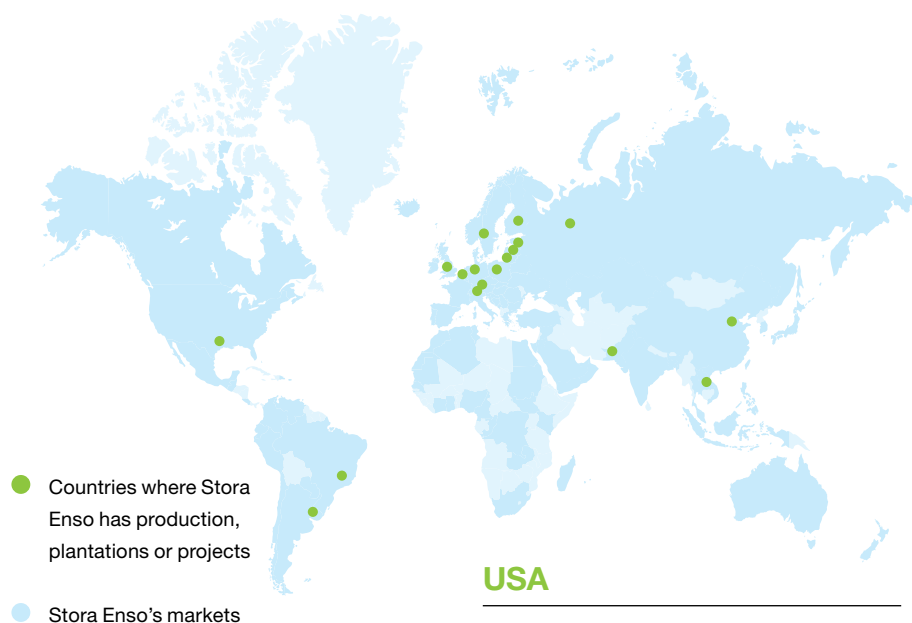
## Purchases by region



## Personnel by region



## STORA ENSO WORLDWIDE



### South America

#### BRAZIL

Latin America is important in Stora Enso's strategy of low-cost pulp from tree plantations. In Brazil, we own 50% of Veracel Celulose pulp mill as part of a joint operation. Our share of the eucalyptus pulp is mostly used at our European paper and board mills. We also own land, around half of which is planted with eucalyptus. The other half is dedicated to protecting local biodiversity by restoring natural Atlantic rainforest. Stora Enso has announced plans to divest the Arapoti magazine paper mill in early 2016.

**Biomaterials, Paper**

**Number of employees** ..... 710

#### URUGUAY

The Montes del Plata pulp mill, a joint operation between Stora Enso and Arauco, started up in 2014 and in 2015 it reached its full production level. Stora Enso's share is sold entirely as market pulp, mainly in Europe and Asia. Stora Enso owns large areas of land in Uruguay, and our tree plantations are also utilised as pastures by local farmers through land rental schemes.

**Biomaterials**

**Number of employees** ..... 330

### USA

Stora Enso has a pilot facility in Danville to develop technologies for conversion of biomass into highly refined sugars and lignin. A demonstration and market development plant is being built in Raceland, Louisiana. These new technologies will enable the development of sustainable replacements for fossil-based technologies in various industries.

**Biomaterials**

**Number of employees** ..... 50

### Europe

Stora Enso's head office is situated in Helsinki, Finland. Most of the group's sales and operations take place in Europe, where we are a leading producer of board, pulp and paper. In 2015, Stora Enso opened two new Innovation Centres, one in Finland and one in Sweden. We source most of our main raw material, wood, in Northern Europe from private forest owners and our joint venture forest companies Bergvik Skog and Tornator.

**Consumer Board, Packaging Solutions, Biomaterials, Wood Products, Paper**

**Number of employees**

Finland ..... 6 600

Sweden ..... 5 000

Germany ..... 1 700

Poland ..... 1 900

Other European countries ..... 3 900

### Russia

Our operations in Russia include three packaging mills, two sawmills and wood sourcing. With regard to sustainability, we particularly focus on promoting forest certification and occupational health and safety.

**Wood Products, Packaging Solutions**

**Number of employees** ..... 1 100

### Asia

#### CHINA

The demand for Stora Enso's products, especially consumer board, is growing fast in China. In addition to two paper mills, Stora Enso owns production and distribution units for packaging. We are currently building a consumer board mill in Beihai, in the Guangxi region, where our operations also include eucalyptus plantations.

**Consumer Board, Packaging Solutions, Paper**

**Number of employees** ..... 5 100

#### PAKISTAN

Stora Enso has 35% in a joint venture in Pakistan. Bulleh Shah Packaging produces corrugated packaging, consumer board, containerboard and paper for the textile, dairy, food and electronics industries in Pakistan. With regard to sustainability we focus on human and labour rights, for example by auditing and educating suppliers, as well as community engagement.

**Consumer Board**

#### LAOS

Stora Enso has a trial plantation in Laos that combines tree-growing with food production. Our focus on sustainability includes community engagement and helping local villagers by creating safe farming land.

**Biomaterials**

**Number of employees** ..... 140

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HOW WE CREATE VALUE

# How we create value as a renewable materials company

## Inputs

### Natural

- Forests and plantations
- 36.2 million m³ of wood
- Pulp and paper for recycling
- Fuels 149 000 (TJ) of which biomass 81 %
- Electricity 13.4 TWh of which 38% generated internally
- Water consumption 2.1 m³/tonne produced

### Human

- 26 000 employees
- Personnel turnover 17.9%

### Financial

- Debt/equity 0.60
- Capital employed EUR 8 753 million
- Capital expenditure EUR 989 million

### Manufactured

- More than 70 production units in about 20 countries
- Strong supplier network

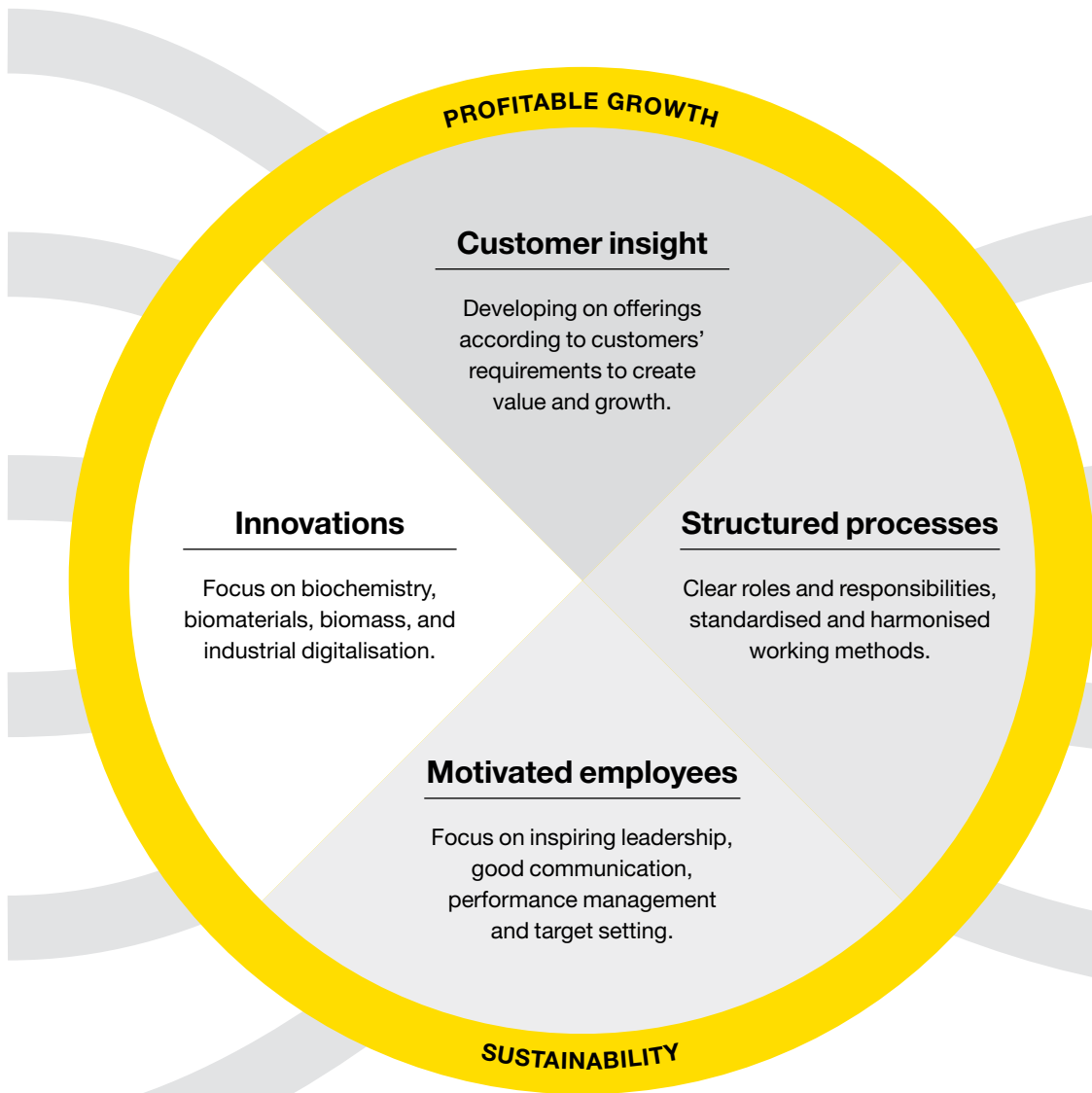
### Intellectual

- Patents, brand, competence
- Service concepts

### Social/relationship

- Safety
- Community & stakeholder relations
- Collaboration with partners

## Business model



**CO<sub>2</sub>:** Trees absorb CO<sub>2</sub> and act as carbon sinks together with wood-based products.



## HOW WE CREATE VALUE

## Outputs

### Products

- Packaging
- Biomaterials
- Wood products
- Paper

### By-products

- Electricity / heat / steam
- Residuals and waste for reuse
- Tall oil, sawdust and ash

### Services

- DesignStudios
- Technical customer service
- Forest management
- Construction services

### Emissions and discharges

- Air emissions CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub>
- Waste to landfill
- Process water discharges

## Impacts



### Financial

ROCE  
10.6%

Stakeholders	Economic value (EUR million)	2015	2014
<b>Customers</b>	Sales	10 040	10 213
<b>Suppliers</b>	Payments to suppliers	6 978	7 183
	Capital expenditure <sup>1</sup>	956	787
<b>Employees</b>	Wages and benefits	1 313	1 383
<b>Creditors</b>	Interest	186	211
<b>Public sector</b>	Taxes borne and collected <sup>2</sup>	1 215	1 148
<b>Communities</b>	Donations, community funds and sponsoring <sup>3</sup>	4	3
<b>Shareholders</b>	Dividends <sup>1</sup>	237	237

<sup>1</sup> As paid to stakeholders (Cashflow statement)

<sup>2</sup> For more information on Stora Enso's tax footprint, see pages 60–63.

<sup>3</sup> Excluding Joint Operations Veracel and Montes del Plata



### Social

- Indirect and direct employment
- Human rights impacts
- Value creation with local communities
- Total recordable incident rate (TRI) 11.0
- Lost time accident rate (LTA) 4.7
- 90% of suppliers signed Supplier Code of Conduct
- Providing green energy for surrounding communities



### Environmental

- While CO<sub>2</sub> emissions impact global warming, the use of bioenergy helps to combat it
- Trees and products absorb carbon
- Replacing non-renewable materials with renewable alternatives
- Enhancing recycling (24% utilisation rate of PfR)
- Waste and residual reuse rate 98%
- Promoting sustainable forestry (90% of lands owned and managed covered by certification)

**Recovery:** Our products are safely recyclable as raw material.

## CEO'S OVERVIEW

# Transformation in progress

Stora Enso has taken major steps in our transformation into a renewable materials growth company. Across the world, sustainable forestry-based solutions are needed more than ever before. Wood fibre is the focal point of rapid innovation. As a global leader in our industry, Stora Enso is in an excellent position to take advantage of these opportunities.



**Karl-Henrik Sundström**  
Stora Enso's CEO

## Megatrends drive demand for renewable solutions

Growing population, urbanisation, digitalisation, changing life styles, global warming, growing middle class, and eco-awareness are major trends affecting our businesses and that of our customers and their end-consumers. With renewable material at our foundation, we are uniquely positioned to meet new and increased demand on this changing business landscape.

Increased environmental awareness, for example, is driving innovation in packaging solutions and boosting demand for alternatives to plastic and aluminum packaging. We are seeing a lifestyle change in growth markets, where a growing middle class increases the demand for ready-made packaged food, among other things. Our packaging businesses also benefit greatly from increased e-commerce enabled by digitalisation. In our biomaterials business, there are many opportunities to use the excess biomass from trees and develop new sustainable products and solutions which can address growing consumer demand for sustainable solutions. We are looking at new possibilities in biochemicals, bio-barriers and composite materials.

The wood products business benefits from growing population and increased urbanisation, an expanding middle class and environmental awareness, all of which in turn drive the demand for solutions to support sustainable living. The possibilities to utilise wood in building constructions are many, bringing also benefits for the world's climate. While media consumption shifts in various markets, the paper business continues to play an important role, generating cash and deep know-how for the further development of solutions based on renewable raw materials.

As to global warming, Stora Enso has many possibilities to make a difference. Our base is biomass from sustainably managed forests, which absorb CO<sub>2</sub>. Many of our operations in the Nordics and Latin America are on their way to becoming fossil-free. Our products can and will substitute other products that have a negative climate impact.

## From asset to sales transformation

During 2015, our total sales increased by 4.6%, excluding the structurally declining paper and divested businesses. We achieved this growth predominantly through the Biomaterials division Montes del Plata pulp mill which started up in 2014. Our operational EBIT increased 13.0% to EUR 915 million compared to a year ago, mainly due to strong performance in the Biomaterials division, favourable foreign exchange rates, and lower variable costs. Return on capital employed excluding the Beihai Mill project decreased from 12.7% to 12.2%. In order to reach our strategic ROCE target of 13% we need to continue our transformation to renewable materials company which is expected to improve our profitability.

As an important milestone in our transformation, 92% of our profit came from growth businesses in packaging, biomaterials and wood products. We also continued to generate strong cash flow and to improve our balance sheet, with a net debt to operational EBITDA ratio of 2.4, well in line with

## CEO'S OVERVIEW

The drive for reduced dependence on fossil-based materials provides us opportunities.

### PROGRESS

#### Reaching key financial targets

EUR million	2015	2014	2013	Target
Payout ratio, excluding NRI	27%	75%	75%	50% <sup>1</sup>
Operational ROCE	10.6%	9.5%	6.5%	>13%
Debt/equity ratio	0.60	0.65	0.61	<80%
Net sales growth <sup>2</sup>	4.6%	0.9%	4.5%	
Net debt / operational EBITDA	2.4	2.6	2.9	<3.0
Fixed costs / sales ratio	25.0%	25.1%	27.2%	<20%

<sup>1</sup> To distribute 50% of net income over a cycle

<sup>2</sup> Excluding paper, and the divested Corenso business operations and Barcelona Mill

our target. In terms of our fixed cost to sales ratio, we have not yet reached our target. We continue working towards it through keeping the fixed cost under control by improving our processes and operations every day. This year, we have entered into a new phase in our strategy development, going from an asset transformation to a customer-focused and innovation-led transformation.

We have, during the last three to four years, made substantial investments in new assets. We have also sold off a number of non-core assets. Moreover, we have closed down a large portion of paper capacity. Four out of our five divisions are geared for growth. Despite a challenging environment, the Paper division is well managed, as it has generated the cash needed for all our investments during the last couple of years. Over the coming years, the ambition is that our maintenance and development capital expenditures will be in line with our depreciation. On top of this we forecast about EUR 100 million annual capital expenditure to our biological assets to keep them productive.

#### Investments in growth markets

During 2015, the construction of our consumer board mill in Beihai, in the Guangxi region, China has progressed well. Our aim is to benefit from growing consumer demand in China for hygienic and high-quality consumer board, mainly in the area of food safety. Starting in 2016, it will begin producing liquid packaging and other consumer board from the Beihai Mill. In full operation, the mill will produce 450 000 tonnes of consumer board per year.

During the year, we have celebrated the milestone of ten million working hours without any severe accidents in Guangxi. We prioritise safety highly throughout our operations, and in such a major construction project, this is an impressive achievement.

#### Focus on sustainable businesses

Renewable fibre-based packaging has good growth potential globally, and we see opportunities to benefit from that growth by investing in kraftliner capacity at Varkaus in Finland. In this investment, we have converted a fine paper machine to produce kraftliner. This is a good example of using our competence and innovative approach to utilising an existing asset in a non-growth area and modifying it for a growth generating business. Start-up of this new machine took place in October 2015.

A second project in Varkaus was announced in February 2015, an investment of EUR 43 million in a new production line for wooden building elements. The new products, based on peeling technology, complement our existing product portfolio and enhance our position as a global provider of high quality engineered wooden elements. With this investment, we will be able to meet growing urban construction needs, serve new geographic areas and offer our customers a wider range of new wood

EUR

0.33

dividend proposal

64%

of total sales came from growth businesses in 2015

12.2%

operational ROCE % excluding transformational investment projects in 2015

## CEO'S OVERVIEW

**Innovation  
is not just  
about what  
we make, but  
how.**

product solutions. The Montes del Plata pulp mill in Uruguay achieved set production targets and established the new product on the market without disruptions. The lignin investment at the Sunila Mill in Finland is completed and commercialisation is on-going. This is the world's first integrated lignin extraction plant to produce dry kraft lignin.

### Strengthening innovation and customer collaboration

We are serving many of the world's strongest brands, in many industries and across continents. They expect eco-friendly solutions that make them more attractive in a changing world. We combine global resources with local presence, service and responsibility.

In 2015, we inaugurated innovation centres in Stockholm and Helsinki, to drive development and innovation in packaging and biomaterials. The Innovation Centre for biomaterials will host research, application, business development and strategic marketing under one roof. The main focus is to boost innovation by identifying business opportunities in the markets for renewable materials and bio-based chemicals. We will link our own expertise with leading research centres, universities and business partners. The purpose of the Innovation Centre for packaging is to create a venue for innovation and R&D work, where Stora Enso together with customers and other stakeholders can develop innovative and sustainable packaging concepts. The centre offers, among other things, a packaging design lab and virtual reality retail technology.

During the year, we have announced a cooperation with NXP Semiconductors on the development of intelligent packaging solutions. By using NXP RFID technology, we will have smart packages that can be easily tracked and traced through the supply chain, providing full end-to-end transparency. For consumers the benefits of intelligent packaging include the ability to verify the authenticity of a product and get built-in care, usage and other important information.

Another new technology that we are investing in is Micro Fibrillated Cellulose (MFC). This can be used to produce a board with improved properties such as increased strength and reduced weight. We have been successful in the commercialisation of MFC, and customer deliveries started early 2015. The development of solutions based on MFC continues to focus on source reduction and barrier coating solutions for grease and oxygen barriers to provide an alternative to fossil-based plastics. We are also working with dispersion coating, primarily targeting food packaging, to reduce cost and use of fossil-based materials in the packaging.

### Suppliers for best practice partnerships

To ensure sustainability along our value chain, we focus on responsible sourcing. By the end of 2015, 90% of Stora Enso's spending on materials and services was covered by the Supplier Code of Conduct (78% at the end of 2014). We have continued to strengthen our sourcing process, increase our tender quality to reduce cost, as well as develop suppliers to reduce risk and increase opportunities.

### Progress on human rights

Support for human rights is a priority for Stora Enso across our global operations. We are committed to the UN Global Compact's 10 principles and to the UN Guiding Principles on Business and Human Rights. Stora Enso conducted group-wide human rights assessments in 2014 in cooperation with the Danish Institute for Human Rights. Our Human Rights Action Plan is now being implemented, with 69% of its actions completed by the end of 2015.

To enforce our work on human and labour rights, we signed a unique public-private partnership with the International Labour Organization (ILO) last year. The agreement focuses on aligning our



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## CEO'S OVERVIEW

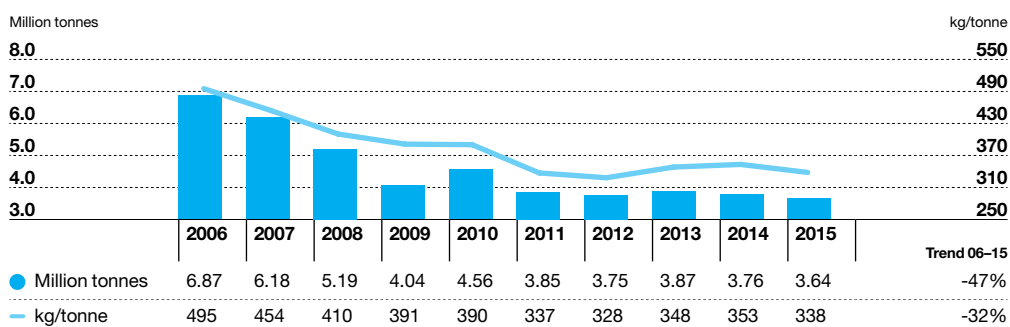
**The forest and forestry industry are part of the solution to the climate problem.**

policy and practice with international labour standards, and aims to promote decent work and combat child labour in the supply chain of our minority equity-accounted investment Bulleh Shah Packaging in Pakistan.

### Safety is always first

We continued to reinforce our safety culture in 2015, and registered for Stora Enso employees 4.7 lost time accidents (LTAs) per one million working hours. Tragically, five contractor employees working for Stora Enso and two contractor employees working for our joint venture Veracel were killed in accidents in 2015. This is absolutely unacceptable for us, and we will take further action in 2016 towards becoming an accident-free workplace.

### Our fossil CO<sub>2</sub> emissions<sup>1</sup>



<sup>1</sup> Covering direct and indirect fossil CO<sub>2</sub> emissions (scopes 1 and 2) from pulp, paper and board production units. Normalised figures are reported per unit of sales production. Historical figures recalculated due to changes in baseline following divestments or reporting errors.

### Our CO<sub>2</sub> performance

In December 2015, the United Nations climate change conference reached an ambitious goal to achieve a legally binding and universal agreement on climate actions, with the aim of keeping global warming well below 2°C. Stora Enso joined the Paris Pledge for Action, a community of non-state actors to welcome the agreement with the commitment to implement it.

Our CO<sub>2</sub> performance trend has been good since we launched our target in 2006. We continue to drive down our emissions, and by the end of 2015 we have already reduced CO<sub>2</sub> emissions by 32%. This means that we are advancing rapidly towards reaching our 2025 target of 35% reduction. We also continue the transparent reporting of our performance. CDP, the international non-profit organisation that promotes sustainability, identified Stora Enso as a Nordic leader in disclosing climate change data to investors and other stakeholders last year.

### Renewability at the forefront

In all our efforts – from raw material to products and solutions – our commitment to renewability and sustainability remains firm. The forest is our roots and our future.

I would like to thank all our employees for their contributions in 2015, and our customers and investors for their trust.

**Karl-Henrik Sundström**  
CEO

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MEGATRENDS

# Megatrends shape our future

Sustainable wood-based business is needed more than ever before as major global trends affect the world's demand for renewable materials.



## Global warming

# 0.85°C

The globally averaged data shows a warming of 0.85°C over the period 1880 to 2012 (source: IPCC). In the long term, the Earth's rising temperature will have major consequences. This has put climate change at the top of societal, business and political agendas.

### Stora Enso's response

Stora Enso's products are based on renewable materials with a relatively low carbon footprint. Our packaging and wood-based construction solutions, for example, help customers and society at large to reduce CO<sub>2</sub> emissions by providing an alternative to solutions based on fossil fuels or other non-renewable materials. Additionally, biomass can serve as a substitute for non-renewable materials for more climate-friendly energy production.



## MEGATRENDS



### Growing population

# 8 billion

By 2025, the global population is expected to reach eight billion (source: UN). That means more consumption and more pressure on the world's natural resources – and all the more need for renewable solutions.

#### Stora Enso's response

From bio-based products to waste management, Stora Enso is responding in a variety of ways to meet the demands of a growing population. Biomass from trees is a renewable source and can help to meet growing needs for tissue, paper, packaging and housing. It also has potential new applications in the specialty chemicals, pharmaceutical, food, clothing, cosmetics, home and personal care industries. Bio-based materials also help to manage waste through recycling and biodegradability.



### Urbanisation

# 1.84%

People are moving into the cities. The global urban population is expected to grow 1.84% per year between 2015 and 2020 (source: WHO). This is driving the need for new housing and construction materials, smart packaging as well as solutions for recycling and waste reduction.

#### Stora Enso's response

Stora Enso offers solutions for residential housing as well as office and commercial buildings by providing materials that are lighter, easy-to-assemble, carbon-neutral and renewable. In crowded urban areas, managing waste can be a major challenge, which can be better met with products and packaging that are recyclable, reusable and renewable.



### Digitalisation

# 3.2 billion

In 2015, 3.2 billion people are using the Internet (source: ITU). Digitalisation is changing our media habits and impacts how we produce, deliver, sell and buy products. This is a challenge for the paper business, but has a huge upside for packaging and board.

#### Stora Enso's response

Digitalisation is stimulating demand in online shopping, which raises the need for cost efficient logistics and packaging solutions. Greater connectivity is also expanding the possibilities of Radio Frequency Identification (RFID) and Near Field Communications (NFC) for tracking and sensing to improve logistics and the functionality of consumer packaging. These are areas where Stora Enso is providing and further developing solutions.



### Changing lifestyles

# USD 244 billion

Income growth, urbanisation, digitalisation and the service economy all affect what we buy and how we choose to live more mobile lives. The global market for sustainable packaging is forecast to reach USD 244 billion by 2018 (source: Smithers Pira).

#### Stora Enso's response

Renewable and recyclable qualities in pulp-based packaging and products are an asset in consumer markets demanding more to satisfy their tastes and lifestyles, while also reducing the burden on the environment. Stora Enso continues to develop technologies, processes and products to meet these demands.



### Growing middle class

# 3.2 billion

The size of the "global middle class" will increase to 3.2 billion by 2020 (source: OECD). In emerging markets, we see a growing middle class with a growing disposable income that is newly able to explore the world of consumerism.

#### Stora Enso's response

As living standards rise and purchasing power increases, consumer demand rises. Stora Enso is positioned to meet greater demand for tissue, packaging and housing solutions. We are also exploring a range of potential new applications in clothing, home and personal care – all based on renewable materials.



### Eco-awareness

# 45%

Climate change is influencing attitudes and changing consumption patterns. 45% of consumers said they would avoid brands that did not take steps to reduce their carbon footprint (source: Carbon Trust). The modern consumer cares not only about what they buy, but also how it is made.

#### Stora Enso's response

Stora Enso offers products that fill consumers' expectations of naturality, authenticity and sustainability, across the value chain.

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STRATEGY



We are the experts in forest-based renewable materials.

# The renewable materials company

Megatrends influence the way people consume now and in the future. Rightly managed, these trends provide Stora Enso with extensive business opportunities.

Stora Enso's transformation into a renewable materials growth company is a proactive step in responding to global trends, to the needs of customers and to the expectations of our stakeholders. Stora Enso continues to develop products and technologies based on renewable materials, which, in turn, can lessen dependence on fossil-based materials in any number of vital applications.

We have a deep understanding of forestry, base materials, processes and international business. Building on that, Stora Enso is targeting markets in all geographic areas, especially those in Asia and South America that have high growth potential for our packaging, board, biomaterials, and wood businesses. Additionally, we are further integrating innovation across the value chain to meet the changing demands of customers as well as the challenges posed by raw materials.

## Growth in renewable business

With the focus on renewable wood-based solutions, our key building blocks are fibre-based packaging, plantation-based pulp, innovation in biomaterials and sustainable building solutions.

## Strategy in action in 2015

Investment in wooden building element production in Varkaus, Finland – **meeting growing urban construction needs,** ready during Q2/2016. Read more on [page 45](#).

The Uetersen paper mill in Germany sold as part of the group's strategic transformation.

## The lignin investment at Sunila Mill in Finland completed.

Read more on [page 39](#).

Commercial activity at the MFC plant at Imatra, Finland, started in early 2015 providing raw material for lighter weight consumer board packaging. Read more on [page 23](#).



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STRATEGY

Fibre-based packaging, from renewable raw material to end-customer demand, offers stable long-term growth in most segments and has great innovation potential across the value chain. Plantation-based pulp allows us to secure low-cost fibre for production. In Biomaterials, the growing demand for products that come from sustainable sources provides many opportunities to use the excess biomass from trees while developing new products and solutions. Wooden building solutions cover many areas of urban construction, including housing modules and wood components to meet global need.

In 2015, 64% of Stora Enso sales came from the growth businesses of packaging, biomaterials and wooden construction products. Although the paper business is declining, it contributes to our cash flow and the other businesses through long-term customer relationships, production processes, R&D, and raw material expertise.

Customers and innovation go hand in hand

For innovation to be relevant it needs to address trends and developments that affect our customers and end-consumers as well as build on resources and competence. In 2015, Stora Enso has strengthened its approach to innovation management with the aim of capturing the most feasible ideas and taking them to market in the best possible way.

In packaging and board, we are exploring ways to provide renewable solutions with excellent performance and added functionality, for example packaging with integrated RFID technology while also using less resources, which is made possible by the development of solutions based on Micro Fibrillated Cellulose (MFC) and other innovative initiatives. In biomaterials, Stora Enso is exploring how cellulose, hemicellulose and lignin from trees and other biomass can be used in the tissue, hygiene, textile, specialty chemicals, coatings, and food industries.

In wood applications, the innovation work extends from process development in classic sawn materials to completely new wood-based products and solutions. In the paper

Innovation  
across the value  
chain to meet  
the needs of  
customers.

The International Labour Organization (ILO) and Stora Enso entered into a unique partnership to promote decent work and combat child labour.

New  
financial targets

for the group and divisions introduced to support the strategic goal to become a renewable materials company.

Stora Enso and NXP Semiconductors to jointly develop intelligent packaging solutions, focusing on integrating RFID into packages. Read more on [page 23](#).

Chennai packaging unit in India closed due to major decrease in local market demand.

The EUR 28 million investment in modernising and developing the Murów Sawmill in Poland finalised, developing wood product offering in the growing Central and Eastern European markets.



Montes del Plata pulp mill in Uruguay performed at nominal capacity level. Stora Enso's share of the output is 50% or 650 000 tonnes annually.

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STRATEGY

Our customers

Stora Enso helps customers stay competitive, sustainable and profitable.

- Brand owners
- Converters
- Retailers
- Packaging solution providers
- Food industry
- Pharmaceutical industry
- Cosmetics industry
- Hygiene industry
- Publishers
- Printing houses
- Paper merchants
- Office suppliers
- Construction companies
- Building materials manufacturers
- Builders merchants
- Textile industry
- Chemical industry
- Transportation

business, we are developing paper grades and services to fit changing customer needs, improve materials and energy efficiency, while exploring new business ideas for utilising our mill infrastructure.

Innovation is not limited to the products that Stora Enso offers. We are also looking at how we build our partnerships and shape our business models, what services we provide across the value chain, and how we utilise materials in the best possible way to help reduce the burden on the environment.

Read more about innovation on [pages 21–23](#).

Sustainable processes, material efficiency and sourcing

Customers and consumers care about what products are made of and they are also concerned with how they are made. Hence, Stora Enso strives to enhance the sustainability of every solution, working to ensure intelligent solutions that will incorporate safe processes, and improve energy, material and water efficiency.

Stora Enso recycles raw materials and promotes the use of by-products from the production, such as bark, ash, lime solids and waste water sludge. Many of the materials are internally used for bioenergy generation and excess heat and electricity is also sold to nearby businesses or communities. Up to 98% of our waste and residuals is reused either in our own production or externally in agricultural purposes, brick manufacturing or road construction.

Almost all water used at our mills comes directly from lakes and rivers. Around 96% of the water Stora Enso takes from nature is returned to nature, either treated (process water) or untreated (cooling water), and can be used again by others.

Stora Enso is building strong and measurable relationships with suppliers that add value to our businesses and our customers. Throughout the chain, our suppliers are expected to follow Stora Enso's Supplier Code of Conduct or the applicable legal requirements.



Results of group-wide Human Rights Assessments published in February, by July all action plans in place.

The EUR 27 million investment at Imatra Mill in Finland in consumer board quality, cost-competitiveness and an increase in capacity completed.

Komárom packaging plant in Hungary sold due to major changes in the customer base.

Barcelona Mill sold in line with Stora Enso's strategy to focus on high quality virgin-fibre consumer boards.

Production of kraftliner began at the converted paper machine at Varkaus Mill in Finland.

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STRATEGY



Our raw material

Stora Enso practices and promotes sustainable forest and tree plantation management to ensure viable forestry operations, the multiple use of forests, the conservation of biodiversity, soil protection, and the protection of sites with historical, social or ecological importance.

Experience combined with innovation supports responsible business practices throughout the forestry process – from tilling the soil and planting seedlings to harvesting trees. Progress on sustainable forestry is followed with a key performance indicator (KPI) that measures the percentage of the lands owned and managed by Stora Enso covered by certification systems. The target is to reach 96% coverage by the end of 2017. In 2015 coverage amounted to 90% (90% in 2014). The share of certified wood in the group's total wood supply was 80% (78%).

Innovation Centre for packaging in Helsinki and the Innovation Centre for biomaterials in Stockholm inaugurated.

A new board grade, Performa Brilliance, introduced for premium packaging.

The consumer board mill in Beihai, China 95% completed, and the main process systems commissioning started. The mill is expected to be operational during Q2/2016.

The construction of the Xylose Demo Plant in Raceland, USA is proceeding well, start up expected in early 2017. The divestment of the Arapoti Mill in Brazil was announced and expected to be completed in early 2016.

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STRATEGY

People make the difference

Our responsibility extends to the people we employ and to our shared purpose “Do good for the people and the planet.”

By turning our strong competence in renewable materials into customer advantage, we promote diversity of thought, openness and knowledge sharing. A workforce that mirrors the markets in which we operate makes us more competitive and innovative.

Stora Enso promotes processes and a culture that best enables us to focus on customers by aligning working methods and enabling transparent planning, starting from the customers’ business and going upstream to our raw material procurement and operations.

Safety and business ethics remain top priorities. We ensure that our employees have undertaken training in the Code of Conduct and its compliance and follow it in all business decisions.

Read more about people and leadership on [pages 56–59](#).

Sustainability in our roots

During 2015 all Stora Enso divisions incorporated group-level and division-specific sustainability KPIs into their performance reporting. We have also continued to evaluate our current Sustainability Strategy and plan to further develop the sustainability agenda during 2016.

Our goal is to make our short-term and long-term ambitions clearer in our sustainability work and communications, emphasising the economic, social and environmental impacts of our operations throughout the value chain.



Read more about sustainability in the Sustainability Report 2015 (part of Stora Enso’s Annual Report).

Our Purpose and Values

People and communities are at the heart of our operations, sales and supply chains all over the world. In every step we take, we think about our actions and their impact on others.

While our reach is global, we endeavour to be in harmony with local rules and regulations and do more where we can to bring people and communities forward.

**Our Purpose** “Do Good for the People and the Planet” serves as an ethical compass as we balance the needs of different stakeholders in different markets.

**Our Values**, “Lead” and “Do What’s Right”, are a natural part of our purpose. They are about setting an example, leading in all aspects of our business and sustainability.

According to our annual employee survey in 2015, 82% of our employees feel that they can identify with our Purpose. Furthermore, 74% agree that “Lead” and 82% agree that “Do what’s right” are values that guide them in their daily work.



## STRATEGY

### Profitable growth by developing solutions based on renewable materials.

#### Measuring our success

Profitability and growth are one measure of our success and proof that we are meeting the demands of our customers and stakeholders. This success also depends on setting clear targets, using our business acumen and creating robust innovation processes as well as sharing best practices within and across businesses.

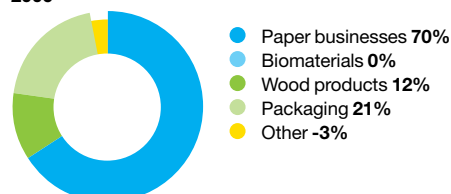
Stora Enso combats global warming by constantly working to reduce carbon dioxide (CO<sub>2</sub>) emissions within our operations. The most effective ways for us to do this are to further improve our energy efficiency, and to keep increasing the use of biomass fuels.

Forests and plantations have become an increasingly important part of a wider global development agenda, especially in relation to combatting global warming. As a renewable natural resource wood offers sustainability benefits not always available in fossil-based alternatives. Trees absorb CO<sub>2</sub> from the atmosphere, and together with wood-based products act as carbon sinks. If forests and plantations are managed sustainably, new generations of trees replace those that are logged, sequestering more CO<sub>2</sub> from the atmosphere.

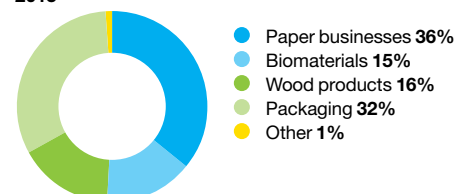
## PROGRESS

### Sales

2006

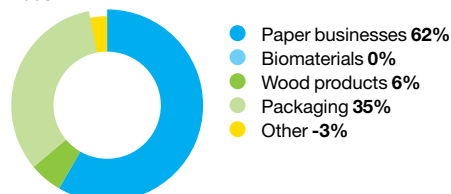


2015

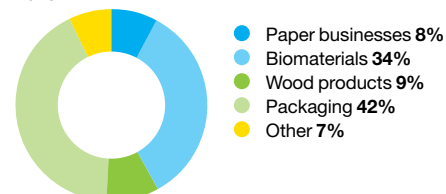


### Operational EBIT

2006



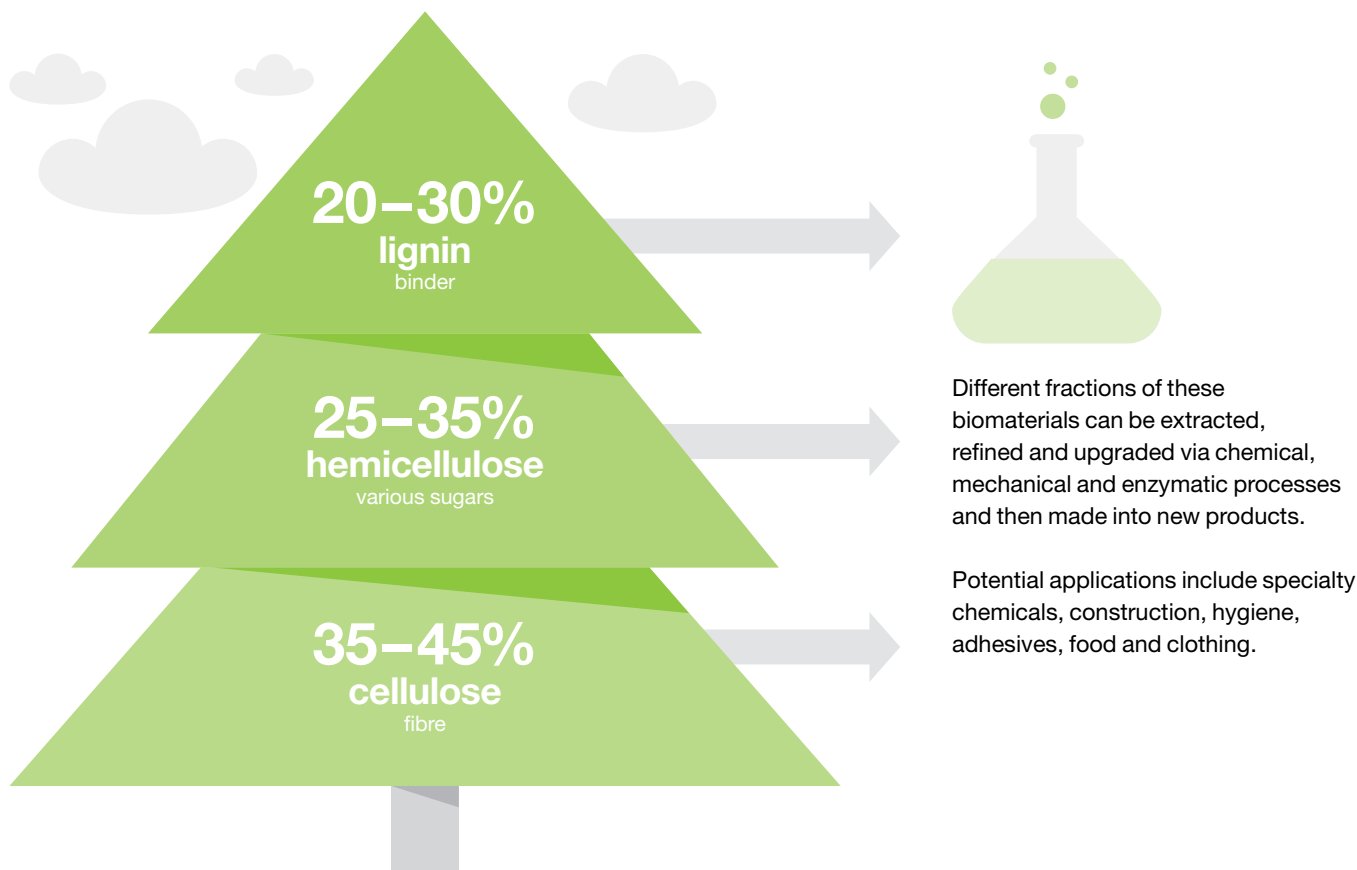
2015



Since 2006, the share of paper sales has reduced dramatically. We have divested the North American paper operations, paper merchants and divested, closed down and converted paper machines. In line with our strategy, we have focused on packaging, biomaterials and wood products with several investments, such as Montes del Plata pulp mill, Ostrołęka packaging mill, and the converted paper machine at Varkaus Mill. This trend will continue in 2016, when our new consumer board mill in Beihai and the LVL mill in Finland start up.

## STRATEGY

# What a tree can do



Today, only about 50% of the material in a tree log – namely fibre for cellulose – is utilised, and the rest is used for energy. Tomorrow, with new innovative technologies we will be able to create solutions out of all the fractions by utilising also hemicellulose and lignin.

Stora Enso has the world's first integrated lignin extraction plant at

Sunila Mill in Finland. With the purchase of Virdia in 2014, Stora Enso is exploring the full potential of biomass extraction and separation technology to enable a portfolio of products from hemicellulose, cellulose and lignin. In Raceland, USA a demonstration and market development plant for the extraction and separation of highly pure sugars from biomass is currently being constructed.

**Today we use less than 50% of the fractions in wood. There is wide business potential in the other half.**



**Tomorrow, the different fractions of the biomass from a tree, not used for pulp or energy, can be refined and made into products.**

## INNOVATION

# Responding with innovation

Innovation is key to our strategy for transformation and will enable us to respond to market trends and customer demand with new and better solutions in renewable materials.

### Key innovation themes

- Biochemistry
- Biomaterials
- Forestry
- Industrial digitalisation

Key innovation themes for Stora Enso are biochemistry, biomaterials, forestry and industrial digitalisation. Within these areas, we are looking at ideas that can create value in the form of new or improved products as well as how partnerships are built, business models are shaped or how services are created along the value chain.

To ensure that ideas find the best path to commercialisation, Stora Enso works across divisions with an overall view on strategic focus and resource requirements. All divisions work actively with idea generation and the market potential of initiatives. A common stage-gate process to screen and develop ideas from concept to business opportunities has also been taken into use.

### Partnership and collaboration

The investment in the biotechnology company Virdia was taken in 2014 to enable Stora Enso to develop products based on xylose as well as provide long-term business potential. A demonstration and market development plant for the extraction and separation of highly pure sugars from biomass is currently being constructed in Louisiana, USA.

Stora Enso's Innovation Centre for Biomaterials in Stockholm is intended to boost innovation in the area of renewable materials. In Helsinki, the Innovation Centre for Packaging will be a cross-functional centre for innovation and R&D work, a place where Stora Enso, together with customers and other stakeholders, can develop packaging concepts. These two centres are additions to our other research centres in Karlstad (Sweden), Imatra (Finland) and Mönchengladbach (Germany).

During 2015, Stora Enso also strengthened its network amongst leading universities in Sweden and Finland, as well as work with Nordic governments in order to build national support for the bioeconomy.



**The wooden fibre offers us unique opportunities to make sustainable products that are of great value for society.**

**Markus Mannström**  
Chief Technology Officer

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INNOVATION

Fresh ideas from raw materials to homes



ENERGY FROM BIOMASS

Less fossil fuels



Most of Stora Enso's mills use biomass in their internal energy (electricity or steam) production in addition to externally purchased energy. This is based on burning and processing of harvesting residues, recovered wood, or by-products from our production, such as black liquor, bark, and sludge. The excess heat and electricity is often shared with the surrounding community.

An investment in renewable energy at Enocell Mill has enabled about 85% of the fossil fuel oil used in its lime kiln to be replaced by sawdust, thus helping to reduce the annual carbon dioxide emissions by 49% in 2015. Most of the sawdust is supplied by Stora Enso's nearby sawmills.

An integrated board mill with two machines, Skoghall Mill is operated with a 93% biofuel rate and is up to 35% self-sufficient of power. The mill also has the possibility to deliver district heat to the community.



DISSOLVING PULP

Dressed by a tree



Stora Enso has been producing dissolving pulp from birch at the Enocell Mill in Finland for about five years. What makes dissolving pulp different from conventional paper pulp is the elimination of hemicelluloses. Applications range from textiles to food, pharmaceuticals, cellophane, detergents and cosmetics as well as numerous other potential uses.

The market for dissolving pulp (viscose staple fibre) for clothing and various niche applications is growing in small steps. With

continued R&D and process improvements, tree-based solutions will create a viable alternative to cotton.

The development of new solutions based on dissolving pulp depends heavily on close cooperation with customers to obtain the optimal fit from raw material selection to customer processes. The current focus at Stora Enso is on textiles, sausage skins, cellophane and kitchen sponges.





## INNOVATION

### MICRO FIBRILLATED CELLULOSE

#### Aiming at source reduction

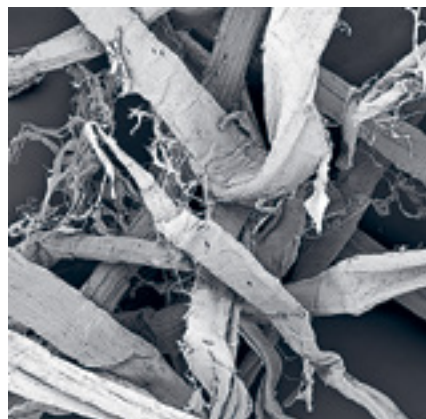


The development of solutions based on Micro Fibrillated Cellulose (MFC) continues with a focus on source reduction and the use of fibre-based packaging that consumes less raw material, as well as barrier coating solutions for grease and oxygen barriers.

MFC also has possible applications in biomaterials for personal and home care, coatings and adhesives, food and pharmaceutical industries. In the future, it could potentially even provide a solution for the biodegradable replacement of aluminium film.

MFC is cellulose in which the outer layer of the fibres has been stripped away by mechanical shearing, exposing the fibril bundles. Due to the fact that the microfibrils are very long and thin, the bonding capability increases and creates a stronger mesh.

In early 2015, commercial activity started at Stora Enso's MFC pre-commercial production plant at Imatra, Finland. This is the world's largest MFC facility and now provides raw material for selected commercial consumer board solutions, enabling lighter weight packaging.



### LIGNIN

#### Fractions of tomorrow



Stora Enso has been focusing on lignin extraction from wood and its potential commercialisation opportunities as a door opener for transforming the pulp industry. We have the world's first integrated lignin extraction plant to produce dry kraft lignin, which has with the possibility to pack the lignin and fire it directly in the lime kiln at Sunila Mill in Finland, reducing the mill's carbon footprint.

In terms of potential markets, refined lignin can be used, for example, in the production of adhesives and resins, coatings, specialty chemicals. Read more: [storaenso.com/lignin-of-tomorrow](http://storaenso.com/lignin-of-tomorrow)

### DISPERSION COATING

#### Greater recyclability



As the demand for packaged food continues to grow, Stora Enso is working with, for example, dispersion coating, targeting demanding grease, moisture and water barriers for food packaging as well as frozen food packaging. The aim is to reduce costs and the use of fossil-based materials.

To achieve barrier properties, dispersion coating is a complementary method for extrusion coating and it also has improved recyclability and repulpability compared to existing solutions. Costs can potentially be reduced with dispersion coating by eliminating a process step during online production in the board machine. A pre-requisite for the application online is that the coating is repulpable, bringing additional advantages in waste handling and material recyclability.

### REMOTE DIAGNOSTICS

#### Production efficiency



One example of Stora Enso's ways to optimise paper production operations is a Remote Diagnostics solution that connects R&D specialists with mill data bases so that they can analyse processes for disturbances. In this solution, data mining modules help to identify hidden process disturbances as well as search through hundreds of variables for root causes. The solution also gives early warnings of process malfunctions and can be used in process optimisation, quality improvements and troubleshooting.

Within a few weeks of the start-up of the Remote Diagnostics solution at Kvarnsveden Mill, a specific type of paper basis weight oscillation was identified and found to be causing breaks in the paper web. Using the data mining functionality of the diagnostic software, the root cause of the oscillation was identified and fixed by the mill staff. The annual savings have been considerable.

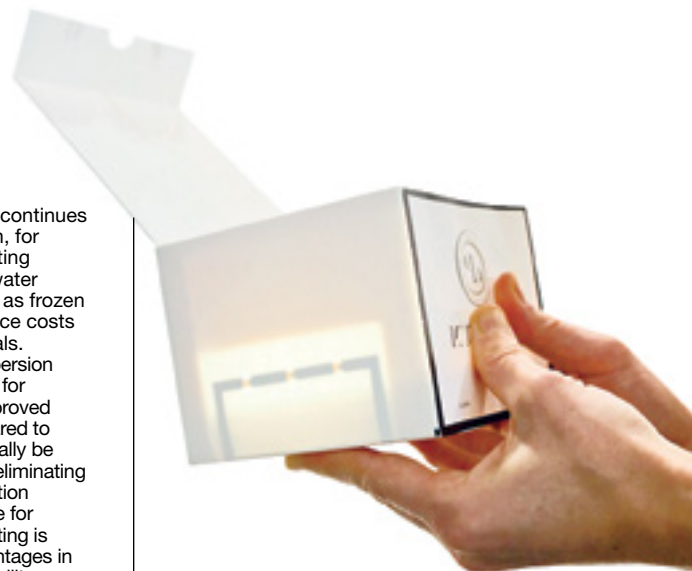
### LVL

#### Strong and renewable



The investment in the LVL (laminated veneer lumber) production line at Varkaus has been a strategic move to meet growing urban construction needs, serve new geographic areas and markets, and offer customers a broader range of wood product solutions.

LVL is based on peeling technology – large logs are peeled into thin layers of veneer that are then bonded together under heat and pressure. Comparable in strength to solid timber, concrete and steel, LVL can be used in



### INTELLIGENT PACKAGING

#### From supply chain to consumer



In May 2015, Stora Enso and NXP Semiconductors entered into the joint development of intelligent packaging solutions. The development focuses on integrating RFID, such as near field communication (NFC) and ultra-high frequency (UHF), into packages for consumer engagement and supply chain purposes.

With RFID technology, smart packages can be, for example, easily tracked and traced through the entire supply chain providing full end-to-end transparency. This visibility is critical for brands and major manufacturers in order to ensure their products are being shipped and handled correctly. For consumers, the intelligent packaging can verify the authenticity of the product and also provide information via the NFC enabled tag. This also reinforces the connection between the brand and the consumer.

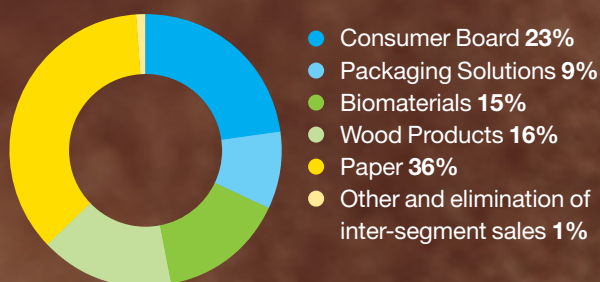


place of sawn timber with the added advantage that LVL can be manufactured to almost any length. Permanent structural applications include beams, rafters, frames and form work. Stora Enso also sees huge potential for large-scale building solutions that are made in combination with cross-laminated timber.

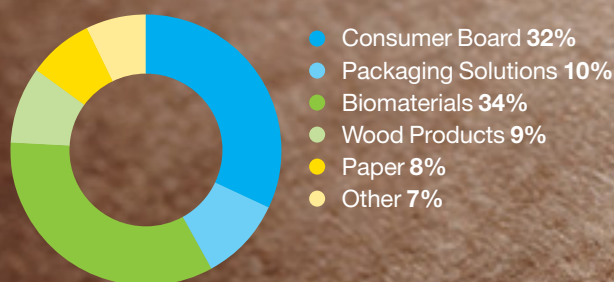
## Divisions

Stora Enso has five divisions: Consumer Board, Packaging Solutions, Biomaterials, Wood Products and Paper. Across businesses, our expertise in wood and other biomass is focused on responding to customer and consumer demand in a changing world and the further development of renewable solutions.

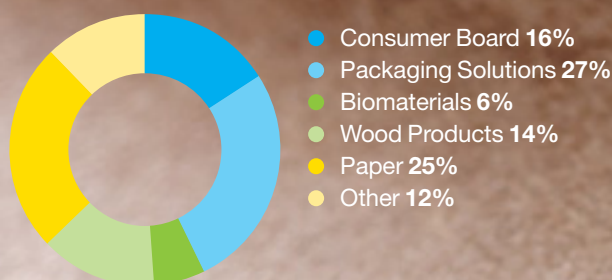
### Sales 2015



### Operational EBIT 2015



### Average personnel 2015





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DIVISIONS

Progress in 2015



Consumer Board

The Consumer Board division concentrates on raw material development, customer collaboration, production efficiency and superior logistics. The division's ambition is to be the global benchmark in high-quality virgin fibre cartonboard solutions in premium end-use segments.

OPERATIONAL ROOC

15.5%

(Target: >20%)



Wood Products

The Wood Products division is responding to opportunities for wood-based building solutions with a broad portfolio and global distribution. Product development, new customer services and integrated sawmills play a key role in growth in construction, merchandising and retail industries.

OPERATIONAL ROOC

15.7%

(Target: >18%)



Packaging Solutions

The Packaging Solutions division takes a holistic approach from raw material to design, production, service, delivery and recycling, with the aim of helping customers increase sales, reduce logistics costs and environmental impact in industrial, grocery, online commerce and other applications.

OPERATIONAL ROOC

11.1%

(Target: >20%)



Paper

The Paper division is continuously developing products, services and operational excellence to best serve customers and the end users. As a competitive advantage, sustainability initiatives include ecolabels, production of paper from recycled fibre and reduction of carbon emissions from its mills.

CASH FLOW AFTER INVESTING  
ACTIVITIES TO SALES

5.5%

(Target: >7%)



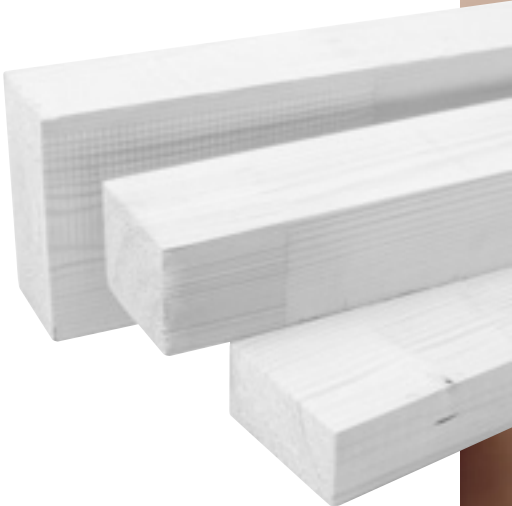
Biomaterials

The Biomaterials division's strategy is to strengthen and diversify the current pulp business, as well as develop entirely new applications from wood and other kinds of lignocellulosic biomasses serving a growing demand for renewable products in a number of industries.

OPERATIONAL ROOC

12.4%

(Target: >15%)



## DIVISIONS: CONSUMER BOARD

# Consumer Board



The Consumer Board division aims to be the world's leading provider of virgin-fibre-based board solutions for printing and packaging applications. A wide board and barrier coating selection is suitable for the design and optimisation of packaging for liquid, food, pharmaceutical and luxury goods. The division serves converters and brand owners globally and is expanding in growth markets to meet rising demand for high-quality, functional and safe packaging.

### Solutions

- Liquid packaging board
- Food service board
- General packaging board
- Cigarette board
- Graphical board

### SALES IN REST OF THE WORLD

3%

### SALES IN EUROPE

73%

● Mills

### SALES IN LATIN AMERICA

3%

### SALES IN ASIA PACIFIC

21%

Consumer Board division operates four mills in Finland and Sweden. The Beihai Mill in China is expected to be operational during the second quarter of 2016.

### Trends

#### Safe and renewable alternatives

With urban migration, greater purchasing power in developing markets, digitalisation and overall climate change awareness, there are many opportunities in the packaging business. They come in the form of intelligent and active packaging to 'sense and track', smaller packaging for smaller urban households, sustainable solutions for packaging to cut waste, packaged food and drinks to safeguard health and hygiene, and 'on-the-go' prepared and small packaged meals for the mobile lifestyle. Non-toxic, fibre-based packaging solutions serve twenty-first century consumption trends, while also remaining climate-friendly.

Brand owners are responding to increased consumer concerns over sustainability, social responsibility and product safety. These areas are now a requirement, something that customers expect as a basic part of the Consumer Board offering. Tighter competition in retail is also prompting brand owners to focus on brand differentiation and innovative point-of-sale solutions.

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DIVISIONS: CONSUMER BOARD

Advantages

- Renewable materials
- Broad portfolio with strong brands
- Global market, local presence
- Worldwide distribution network
- Excellent service
- Sustainable approach throughout the value chain
- Exciting innovations



We aim to be the preferred partner to customers and brand owners by providing differentiated solutions based on consumer values and lifestyles, and the impact these place on packaging.

Jari Latvanen  
Executive Vice President, Division Consumer Board

Strategy

Premium market position

On a global level, government policies are increasingly supportive of the drive to reduce waste, spurring growth in recyclable, reusable and renewable packaging. These trends support the Consumer Board division's objective to contribute towards sustainability in markets that continue to be dominated by non-renewable materials such as plastic, glass and metals.

The Consumer Board division's ambition is to be the global benchmark in high quality virgin fibre cartonboard, and the preferred partner of customers and brand owners in premium end-use segments. The objective is profitable growth, achieved in a responsible way by offering renewable solutions for converters, retailers and brand owners on a global scale.

The division supports customers in meeting consumer demands, by understanding consumers' values, lifestyles and the impact of the demands placed on packaging. This will be achieved through a strong focus on innovation and product development, excellence in customer service and product quality as well as production efficiency and logistics.

Growth in the Consumer Board division is supported by long-term relationships with customers, suppliers, converters and brand owners. Customer loyalty is maintained through excellent skills in product and process design, and solutions that meet performance attributes for functionality, cost efficiency, look and feel. Another distinct advantage is the ability to meet the increasing customer demand for eco-efficiency, transparency and responsibility.

Overall, Consumer Board is optimising sales and operations, planning, efficiency in production and delivery accuracy. Customer and consumer insight gives the division the capability to cope with demand fluctuations, fast alterations in packaging and changing consumer trends.

Transformation in action

Steps for success

The division operates through five end-use-based business segments. Liquid Packaging Board manufactures chilled and ambient types of liquid packaging. Food Service Board offers high-quality board mainly for paper cups, plates and formed trays. General Packaging Board offers board for food, pharmaceutical, beverage, chocolate, cosmetics and luxury packaging. Cigarette Board focuses on cigarette packaging and Graphical Board provides board for various graphical end uses, such as cards and book covers.



## DIVISIONS: CONSUMER BOARD



For the ILO, our partnership with Stora Enso is a valuable opportunity to advance decent work in communities involved in fibre recycling and production, and to promote better opportunities for workers and their families, in Pakistan and globally.

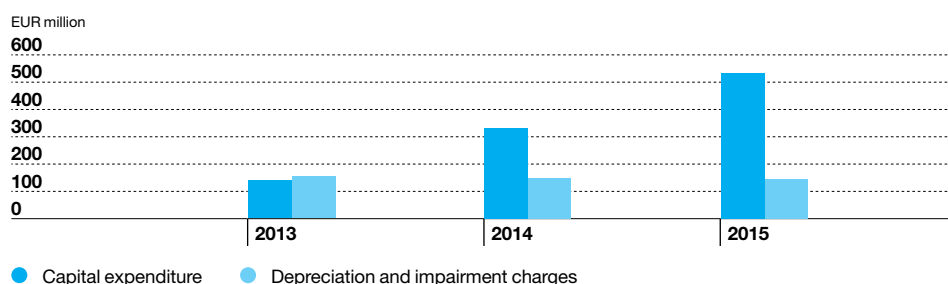
**Benjamin Smith**, Senior Officer for Corporate Social Responsibility in ILO's Fundamental Principles and Rights at Work Branch

Strengthening operations in Asia, construction continues according to plan at the consumer board mill in Beihai, in the Guangxi region, China with expected start-up in the second quarter of 2016. The machine will support the division's global presence and strengthen service to customers in South-East Asia. Being present in the region will allow for the integration of sourcing with production, customers and consumers.

Commercial activity at the MFC pre-commercial production plant at Imatra, Finland started in early 2015. This is the world's largest MFC manufacturing facility for board-related MFC grades and provides raw material for selected commercial consumer board solutions, enabling lighter weight packaging. The development of MFC solutions is continuing with a focus on even more sustainable fibre-based packaging that uses less raw material and on barrier coating solutions for grease and oxygen barriers.

The EUR 27 million investment to increase the capacity of consumer board machine at the Imatra mill in Finland was completed in October 2015. In addition to a capacity increase of 20 000 tonnes, the investment also enables quality enhancements and cost-competitiveness. The new production capacity will go to European and global markets.

### Capital expenditure and depreciation in Consumer Board



## PROGRESS

### Main achievements in 2015

- MFC commercialisation started
- Innovation Centre opened for creating renewable packaging innovations
- Joint development with NXP Semiconductors for intelligent packaging

### Main focus and targets in 2016

- Safety, aiming at zero accidents
- Focus on world-class manufacturing
- Successful start-up of the consumer board mill in Beihai

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DIVISIONS: CONSUMER BOARD



Every third liquid carton in the world is made from Stora Enso's board.

During 2015, Stora Enso initiated co-operation with NXP Semiconductors on intelligent packaging. The cooperation focuses on integrating Radio Frequency Identification (RFID) related technologies into packages for consumer engagement and supply chain purposes as well as enhancing brand protection and creating tamper evidence applications.

In October, Stora Enso completed the divestment of Barcelona Mill in Spain in the Consumer Board division, which produced recycled-fibre based consumer board.

Competitive landscape

Mature and emerging markets

Being locally present in key market areas allows for the integration of sourcing with production, customers and consumers. Consumer Board division has a steady foundation in European markets, where its main competitors are BillerudKorsnäs, Metsä Board and Iggesund. Main competitors outside Europe include Klabin, Evergreen, Weyerhaeuser, Georgia-Pacific and International Paper.

The most significant growth in virgin-fibre-based consumer board is taking place in the fragmented markets of China and Asia Pacific. Indirectly, fibre-based packaging competes with non-renewable alternatives such as plastics, glass and metals.

Innovation and future

On the forefront

The Consumer Board division is continuously developing board to ensure excellent performance and functionality in consumer packaging, while using less resources and having less impact on the environment. The focus is on source reduction, bio-barrier solutions and new materials and applications, such as MFC and intelligent packaging with 'sense and track' functionalities.

The Innovation Centre in Helsinki, opened in November 2015, provides an environment that facilitates customer and partner development projects and internal collaboration. The cross functional centre offers a stimulating environment for customers seeking new ideas in packaging. The focus is on idea generation, design, new business development and incubation.

The Consumer Board division's Accelerated Innovation Model (AIM) provides a structured approach for the involvement of customers and capturing promising opportunities as well as the effective management of ideas for project portfolios. The focus is not just on R&D, but also on new business models, concepts and aligning R&D resource with prioritised needs.

## DIVISIONS: CONSUMER BOARD



## Financial performance

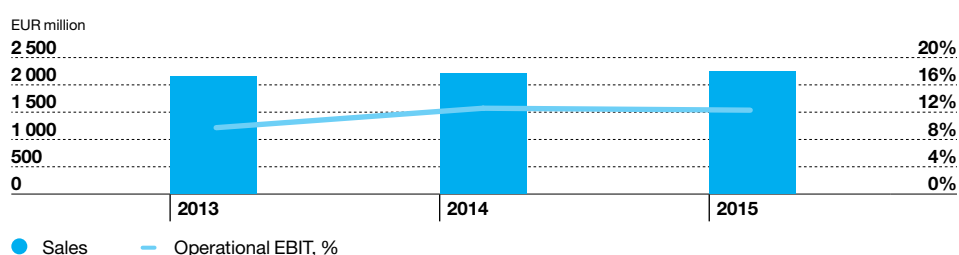
### Key figures

EUR million	2015	2014	2013
Sales	2 340	2 297	2 241
Operational EBIT	290	292	217
Operational ROOC	15.5%	17.8%	14.4%
Cash flow from operations	481	386	364
Cash flow after investment activities	21	60	206
Average number of employees	4 239	4 429	4 468
Board deliveries, 1 000 t	2 458	2 434	2 380

Consumer Board division sales were EUR 2 340 million, up 2% on 2014 due to higher board volumes and favourable currency development. Divestment of Barcelona Mill in Spain in autumn 2015 declined sales by EUR 30 million.

Operational EBIT at EUR 290 million was unchanged at previous year level. Positive impact on higher delivery volumes and favourable foreign exchange impact was more than offset by higher pulp costs and increased fixed costs ahead of the start-up preparations of the Beihai Mill, in the Guangxi region, China.

### Sales and operational EBIT





## DIVISIONS: CONSUMER BOARD

### Customer case

## More with less with MFC

Building on a long partnership, Stora Enso is supporting Elopak with renewable innovations that can help them remain competitive. One such innovation is the New Natura Concept (NNC), based on Micro Fibrillated Cellulose (MFC). Aiming to make packaging as light as possible, Elopak initiated trials once MFC was available from Stora Enso's Imatra Mills.

"By using MFC, we get the maximum yield out of the raw material and thus more packaging material per ton of board. Important properties, such as stiffness and internal strength, are maintained, with less weight. Within Europe, there are various incentives and regulations to reduce the weight of packaging material. The partnership with Stora Enso makes it easier for us to reach these targets," says **Tom Egenes**, Director Strategic Sourcing at Elopak.

As an international supplier of paper-based packaging solutions for liquid food, Elopak is continually developing its expertise to match changing demands for packaged food. The company depends on secure supply. "We have converting plants in Europe, Russia and North America, so it is crucial to have a partner that can supply 24/7. Sourcing from two Stora Enso mills with the exact same quality gives us peace of mind and ensures that the value chain is never broken."

Elopak has piloted the NNC in the Eastern European market, offering it to all dairies in the region. More than 100 million packages have been produced successfully. During 2016, Elopak intends to test NNC board in Western Europe.

## DIVISIONS: PACKAGING SOLUTIONS

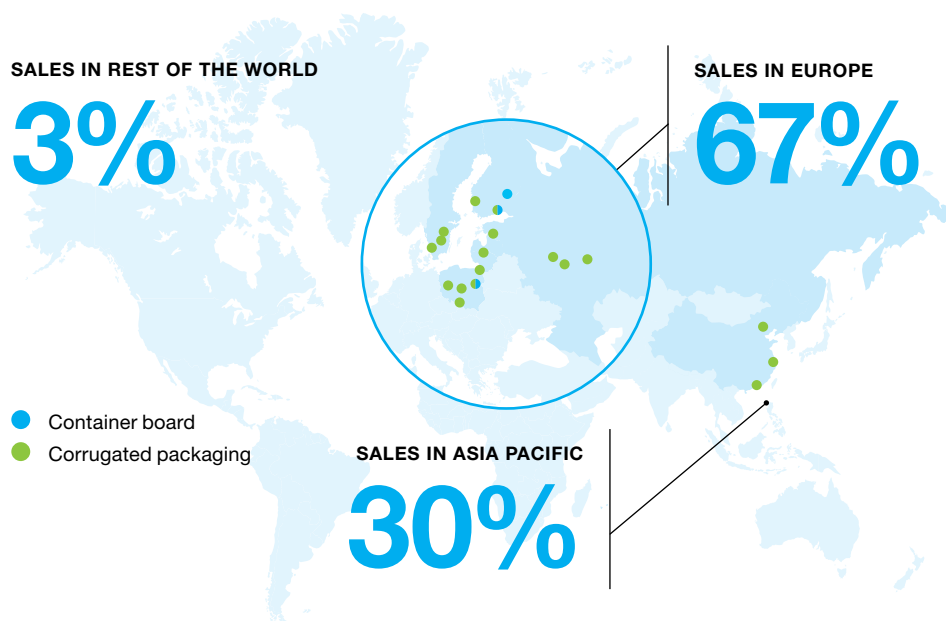


### Solutions

- Kraftliner
- SC fluting
- Recycled liner
- Recycled fluting
- Corrugated boxes
- Packaging automation
- Design services
- Technical service

# Packaging Solutions

The Packaging Solutions division develops fibre-based packaging and operates at every stage of the value chain from pulp production, material and packaging production to recycling. Solutions serve leading converters, brand owners and retailer customers, helping to optimise performance, reduce total costs and enhance sales. Key segments are food, beverages, consumer electronics, household and furniture, retail and industrial.



The division operates containerboard mills located in Finland and Poland and converting plants in eight countries in Europe and Asia.

### Trends

#### Driving demand for packaging

Due to population growth and global warming, there is an increased awareness of waste and sustainability issues. This, in turn, is triggering demand for smarter renewable packages in the supply chain. Fibre-based packaging has considerable advantages as a renewable material.

Next-generation consumers expect brands to be natural, authentic and sustainable. These demands extend to the brands' entire supply chains, including packaging. Material properties, such as renewability, recyclability and biodegradability, support the growth objectives of brand owners and allow them to develop more cost-effective supply chains.

Digitalisation is stimulating demand in online shopping, which raises the need for cost efficient logistics through, for example, weight reduction, flexible and fit-for-purpose packages and improved stacking and box filling. Due to increasing competition for a



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DIVISIONS: PACKAGING SOLUTIONS

Advantages

- Access to fibre
- Consumer insight, looking at the market from the customers perspective
- Design services
- Knowhow in material optimisation
- Integrated supply chains and streams of recycled materials
- Modern technology
- Integrated pulp and energy efficiency
- Sustainability: reduction of environmental impacts in the entire supply chain with customers



Understanding the trends and their impact in the various industries we serve, along with deeper customer dialogue, helps us to be more proactive and drive new solutions.

Gilles van Nieuwenhuyzen  
Executive Vice President, Division Packaging Solutions

Strategy

Good opportunities for growth

growing consumer base, retail businesses are also changing and seeking ways to reduce waste and improve shop floor efficiency with shelf-ready packaging and pallet presentation.

Additionally, greater connectivity is opening up the possibilities of Radio Frequency Identification (RFID) and Near Field Communications (NFC), which can be used for tracking and sensing to improve logistics as well as the functionality of consumer packaging.

The Packaging Solutions division has good opportunities to grow in several product segments. In containerboard and corrugated packaging, the aim is to further create and capture more value for customers by delivering solutions that can help to increase their sales, reduce logistics costs and environmental impact. A key objective is to be seen as a true partner from design to delivery and end-use.

The Packaging Solutions division aims at promoting further growth in containerboard after the completion of the conversion of the paper machine at Varkaus Mill in Finland to produce kraftliner, and also by expanding the corrugated packaging business in attractive growth markets. Expansion options are already being explored in the rapidly developing Eastern European market and in China as well as by driving programmes for excellence in sales (Top Line Hunt) and operational efficiency (Smart Operating Model).

In addition to containerboard production and converting services, Packaging Solutions focuses on sharing best practices and award-winning designs with customers. Customers are offered packaging design support in ten DesignStudios worldwide as well as expert advice on material optimisation, packaging automation, processes and environmental impact. Open innovation and insight-sharing are key approaches in the division's way of working.

Transformation in action

Growth through renewable packaging

During 2015, the fine paper machine at the Varkaus Mill was successfully converted to produce virgin-fibre-based kraftliner. Stora Enso invested EUR 110 million in the conversion work, which was done mainly during August and September 2015; kraftliner production began in October. The machine is ramping-up and full production is expected in early 2017.

By converting the fine paper mill into a kraftliner production plant, the Packaging Solutions division is responding to the increasing global market for renewable packaging. Kraftliners from the Varkaus Mill will complement the production of SC fluting at the Heinola Mill in

## DIVISIONS: PACKAGING SOLUTIONS



With contactless technologies, such as NFC and RFID, we enable tracking along the supply chain and provide a means for the consumer to get in touch with the product and the brand via an NFC enabled device. There is a logical and innovative fit between contactless technology and smart packaging, with many benefits for manufacturers, brand owners and consumers alike.

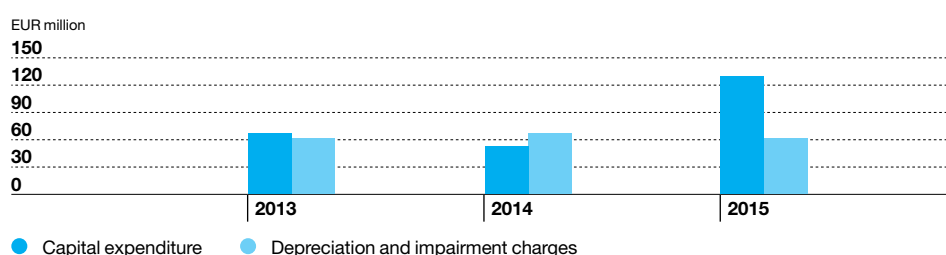
**Ruediger Stroh**, EVP & GM Security & Connectivity, NXP Semiconductors

Finland as well as the manufacturing of recycled fibre containerboards at the Ostrołęka Mill in Poland. Although Europe is the division's primary target market for containerboards, its mills also serve international markets with its virgin-fibre based products from Latin America to Asia.

In September 2015, Stora Enso completed the divestment of its offset printed micro-flute packaging plant in Komárom, Hungary. The divestment of the Komárom mill is expected to decrease the annual corrugated packaging converting capacity by approximately 15 million m<sup>2</sup>.

The corrugated packaging converting unit in Chennai, India was permanently closed during 2015 due to a major decrease in local market demand. The Chennai Mill produced transport and consumer packaging made of corrugated board, which was primarily for sale in Chennai and the Tamil Nadu region.

### Capital expenditure and depreciation in Packaging Solutions



## PROGRESS

### Main achievements in 2015

- Successful implementation of Varkaus conversion from paper to kraftliner production
- Intelligent Packaging partnership with NXP and opening of the Innovation Centre for Packaging in Helsinki
- Enhance customer centricity processes through value added selling, Smart Operating Model and product management introduction

### Main focus and targets in 2016

- Safety – aiming at zero accidents
- Successful ramp-up of Varkaus containerboard mill operations and sales
- Growing the corrugated packaging business in selected markets

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DIVISIONS: PACKAGING SOLUTIONS



Retailers can save costs with increased operational efficiency and reduced waste when using fibre-based packaging.

Competitive landscape

Meeting demand on  
a fragmented market

The division has strong market positions in the regional markets in Corrugated Packaging in which it is active: Nordics, Baltics, Poland and Russia. These markets are fragmented with as main competitors Smurfit Kappa and DS Smith.

In Containerboards the company has good positions in the regional market for RCP based containerboard as well as the global markets for SC Fluting and Kraftliners. Major competitors are Mondi, Prinzhorn, BillerudKorsnas, SCA, SAICA, IP and WestRock.

Innovation

For smarter  
packaging solutions

The Packaging Solutions division takes a holistic approach to creating value for customers, from fibre to design, rightweighting, technical customer service, automation services, eFlow supply chain service and recycling services. Innovation in design solutions and material performance is supported by Stora Enso DesignStudios, seven are located in Europe, three in China and there is a 3D virtual store as well.

Innovation programmes include a focus on developing intelligent packaging and Micro Fibrillated Cellulose (MFC) in specifically designed containerboard products. In May 2015, Stora Enso and NXP Semiconductors entered into the joint development of intelligent packaging solutions, which can enhance logistics from manufacturer to consumer. Also, MFC has many possible applications in packaging by improving the packaging material properties.

The Innovation Centre in Helsinki, opened in November 2015, provides an environment that facilitates customer and partner development projects and internal collaboration. The cross functional centre offers a stimulating environment for customers seeking new ideas in packaging. The focus is on idea generation, design, new business development and incubation.

## DIVISIONS: PACKAGING SOLUTIONS



## Financial performance

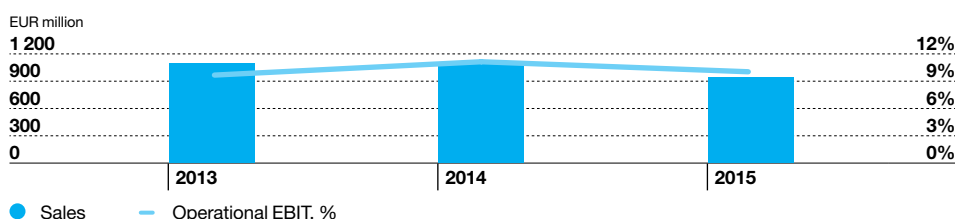
### Key figures

EUR million	2015	2014	2013
Sales	913	1 065	1 061
Operational EBIT	90	118	101
Operational ROOC	11.1%	14.1%	11.3%
Cash flow from operations	138	182	151
Cash flow after investment activities	20	128	69
Average number of employees	7 141	8 227	7 663
Board deliveries, 1 000 t	587	724	839
Corrugated packaging deliveries, million m <sup>2</sup>	1 112	1 104	1 086

Packaging Solutions division sales, excluding the divested Corenso business operations, were EUR 913 million, up 3% on 2014. The increase is mainly due to ramp up of the Varkaus Mill after the conversion of the fine paper machine for kraftliner.

Operational EBIT, excluding the divested Corenso business operations, at EUR 90 million was EUR 11 million down on the previous year mainly due costs related to preparation and ramp up of the Varkaus Mill after the conversion from fine paper for kraftliner.

### Sales and operational EBIT



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DIVISIONS: PACKAGING SOLUTIONS

Before



After



PACKAGE VOLUME  
**-38%**



PRODUCT PER TRUCK  
**+60%**



Customer case

New furniture box concept saves on cost and environmental impact

Stora Enso is working with a furniture retailer, which was selling a kitchen drawer in a package wrapped in corrugated and plastics – a packaging solution that Stora Enso determined had much potential for improvement.

Stora Enso put together a team of experienced packaging designers with the goal of helping the retailer reduce both the cost and the environmental footprint. The new concept enabled end-of-packaging line automation and took a completely new approach to the packaging itself. Not only did the box size decrease by 38%, but the impact on logistics efficiency was tremendous. A single truck was able to load 60% more products than previously, resulting in substantial reductions in transportation costs and fossil carbon dioxide emissions. At the same time, consumers benefit from more responsible packaging that can easily be recycled.

The development of the furniture box concept is a prime example of retailer packaging as it has:

- Reduced costs throughout the value chain
- Improved the packaging experience for consumers
- Reduced environmental impact



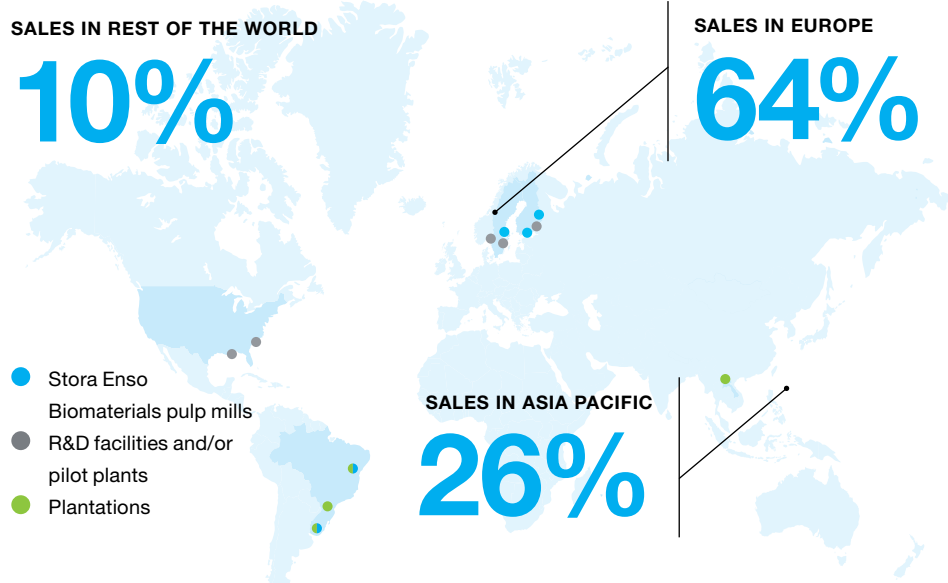
## DIVISIONS: BIOMATERIALS

# Biomaterials

The Biomaterials division offers a variety of pulp grades to meet the demands of paper, board and tissue producers. The offering also includes fluff for hygiene applications and dissolving pulp for the textile and food industry. Additional business areas are tall oil and turpentine for manufacturers of chemicals and fuels. Furthermore, Biomaterials is developing new ways to maximise the value extractable from wood, as well as other kinds of non-food-competing biomasses. Sugars and lignin hold potential for use in applications in the specialty chemical, construction, personal care and food industries.

## Solutions

- Hardwood pulp
- Softwood pulp
- Fluff
- Dissolving pulp
- Tall oil
- Turpentine
- Lignin
- Xylose (from end of 2016)



The division has a global presence with operations in Brazil, Finland, Laos, Sweden, Uruguay and the United States.

## Trends

### New sustainable solutions from biomass

There are a number of trends affecting demand for renewable biomaterials, among them growing populations, the increased spending of the middle classes in developing countries, obesity and a worldwide consumer interest in health and sustainable consumption. Coupled with these trends, climate change awareness and regulation are driving public interest in the substitution of fossil-based materials in multiple applications that have enhanced properties.

The Biomaterials division is well-positioned to meet the increasing use of tissue and non-woven products as living standards rise, while focusing on development and new applications for products, such as food ingredients which have reduced fat but the same consistency and 'clean label' products that are free from harmful chemicals, thus improving considerably the environmental footprint.

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DIVISIONS: BIOMATERIALS

Advantages

- Access to biomass
- Expertise in forests and plantations
- Largest portfolio of pulp grades
- Right pulp mix for customer needs
- Strong technical customer service
- New Innovation Centre
- Investments at Montes del Plata, Sunila, Danville and Raceland for current and future applications
- Sustainable approaches throughout production processes and in working with local communities



Meeting evolving demand requires that we share knowledge and development across markets and business areas, combining new insight and technologies with existing expertise and capabilities.

Juan Carlos Bueno  
Executive Vice President, Division Biomaterials

Strategy

Building blocks for differentiated biomaterials

When compared to fossil-based end products, the renewable and recyclable qualities in bio-based alternatives are an asset in consumer markets where the awareness of sustainability issues is on the rise. However, the solutions need to realise better properties and must do so at lower or comparable costs. The needs arising from creating better and more durable materials out of bio-based raw materials will help in reducing the overall carbon footprint.

The Biomaterials division aims to meet the growing demand for products based on renewable materials through the further development of the potential of biomass. A leader in market pulp, the division is targeting industries beyond its traditional sector with cost-effective, high-performance solutions. The strategy is to strengthen and diversify the current pulp business, and to create a new business platform for renewable materials and chemicals through deeper cooperation, understanding and innovation with customers.

In the pulp market, Biomaterials is concentrating on developing end-use areas, such as tissue, specialty papers, packaging, hygiene and textiles worldwide. The division is also focused on extracting higher value added products from current assets, such as lignin, tall oil, turpentine and hemicellulose. The investment for lignin extraction was completed at the Sunila Mill in Finland in 2015. Lignin has been found to be a good substitute for phenols, and thus a sustainable biochemical alternative to use in construction materials and industrial applications such as epoxy resins and coatings, plus it has the potential to be used in many other applications as well.

With the purchase of Virdia in 2014, Biomaterials is exploring the full potential of biomass extraction and separation technology to enable a portfolio of products from hemicellulose, cellulose and lignin that have potential applications in the food, oral care, textiles and homecare industries as well as in the replacement of plastics in packaging. Stora Enso is building a demonstration and market development plant in the USA to be used for the industrial validation of the extraction and separation technology.

In the production of traditional market pulp, which is still the main source of income for Biomaterials, the division has chosen proximity to selected customers as one of its main ways to stand out from the competition. Stora Enso's worldwide network of plantations offers products that are optimised according to customer needs.

## DIVISIONS: BIOMATERIALS

### Transformation in action

#### Investments for the future

In 2015 the Biomaterials division stabilised production and quality in Montes del Plata, which started operations in 2014, and is working towards the further improvement of its cost competitiveness. In the Danville pilot plant in the US, the work continued in fine-tuning the extraction and separation technology for lignin and cellulose, which will be tested on different biomasses.

In Raceland the focus is on the construction and training of operators for the start-up of the demonstration and market development plant for Xylose. Simultaneously, work was carried out in understanding market and customer needs as well as application development and customer testing for lignin, xylose and other new products.

In all operations and markets, the Biomaterials division promotes efficient and safe production, responsible sourcing, and managing risks related to issues such as land use and human rights. Biomaterials advances sustainable and responsible forestry for its worldwide network of certified plantations. All pulp mills are energy self-sufficient and sell the excess energy they produce. The division's pulp is renewable and recyclable, and comes from sustainable and traceable origins.

### Competitive landscape

#### New markets to face

Other pulp makers in the markets where the Biomaterials division is present include UPM, Metsä Fibre, Södra, Fibria (partner in Veracel), Eldorado, CMPC, Arauco (partner in Montes del Plata) and Suzano. In terms of new potential markets, the Biomaterials division will face competition from biotechnology and biochemical companies as well as the chemical industry.

### Innovation

#### Renewability at the heart

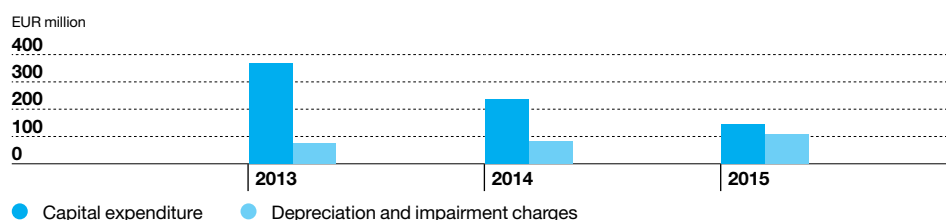
The Biomaterials division's success in moving towards a bio-based technology and biochemical business with a strong foundation in pulp products depends on leveraging existing knowledge about biomass and expanding this to other materials and applications in various industries. To meet evolving demand, the division stresses a business and



Advanced manufacturing technology is enabling the production of new exciting materials from renewable raw materials. Performance, price and environmental impact must be at the heart of new product development. The success of the bioeconomy will hinge on the ability to clearly communicate the broad social value of these new bio-based products.

**Dr Adrian Higson**, Executive, Lead Consultant Biobased Products, NNFC – The Bioeconomy Consultants

### Capital expenditure and depreciation in Biomaterials



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DIVISIONS: BIOMATERIALS



Fluff pulp is used for example for the manufacture of hygiene products such as diapers and feminine care products.

innovation structure that enables knowledge sharing and development across markets and business areas, combining new market insight and technologies with existing wood and pulp-making expertise and capabilities.

Innovation in Biomaterials division is predominantly focused on maximising what can be extracted from wood and other kinds of non-food-competing biomasses for applications that can meet a growing global demand for sustainable solutions in prioritised markets.

An Innovation Centre for Biomaterials in Stockholm was inaugurated in December 2015 to further facilitate knowledge sharing and customer collaboration, and boost innovation in the area of renewable materials. The focus is on deepening our understanding of the current and future demands of customers and end-consumers, as well as market dynamics and value chains, which includes bringing this information to technology and application teams in order to develop relevant new solutions.

PROGRESS

Main achievements in 2015

- Improvements in safety culture
- Stabilising and optimising Montes del Plata production and quality, achieving set production targets and establishing the new product on the market without disruptions in the market
- World's first production of dried lignin at Sunila mill
- Setting up the Innovation Centre for biomaterials in Stockholm to boost the development of new solutions

Main focus and targets in 2016

- Safety, aiming towards zero accidents
- Commercialisation of lignin and xylose
- Getting the Innovation Centre to full speed and starting to leverage all the knowledge in the company to create new sustainable and renewable solutions

## DIVISIONS: BIOMATERIALS



## Financial performance

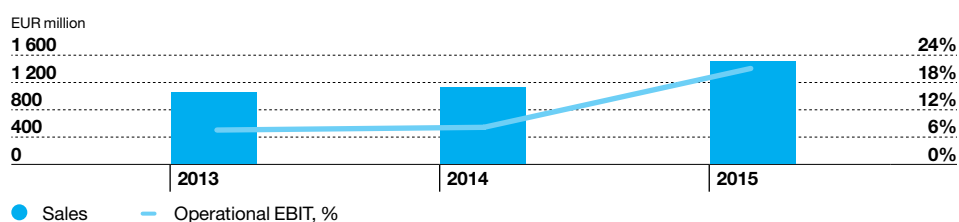
### Key figures

EUR million	2015	2014	2013
Sales	1 484	1 104	1 033
Operational EBIT	313	89	77
Operational ROOC	12.4%	3.9%	3.8%
Cash flow from operations	385	136	114
Cash flow after investment activities	187	-108	-231
Average number of employees	1 655	1 569	1 537
Pulp deliveries, 1 000 t	2 499	2 076	1 864

Biomaterials division sales were EUR 1 484 million, up 34% on 2014 due to increased volumes from Montes del Plata Pulp Mill in Uruguay and strengthening of the US Dollar.

Operational EBIT at EUR 313 million was EUR 224 million up from previous year mainly due to higher hardwood pulp sales prices in local currencies, favourable foreign exchange rate impact, increased sales volumes and lower wood and energy costs.

### Sales and operational EBIT





## DIVISIONS: BIOMATERIALS

### Customer case

## Continuous development with long-term collaboration

Munksjö is a world-leading specialty paper company, offering advanced paper solutions for industrial applications as well as for consumer-driven products. Stora Enso's Biomaterials division supplies and provides a large palette of different fibres for Munksjö's paper products. The business relationship has continued over 15 years.

"One of the main benefits of our cooperation with Stora Enso is the broad and good contact between the two companies, in top management as well as in logistics and technical services, and this enables us to work efficiently together," says **Anna Bergquist**, SVP Strategic Development, Munksjö Group.

For Munksjö, it is important to share a dedication to the long-term development of the business. Another important fact is that a collaboration partner can bring new knowledge that both parties can benefit from.

Today, the Biomaterials division is working on new projects with Munksjö; from technical development to supply chain logistic improvements.

"Stora Enso enables Munksjö to find new ways of doing things. The possibility of using vendor managed inventories (VMI) — inventories managed by Stora Enso — helps us in production optimisation and it helps Stora Enso to optimise logistics for our mills," Bergquist explains. "Going forward, our partnership will also result in new and better ways of using long fibre."



## DIVISIONS: WOOD PRODUCTS

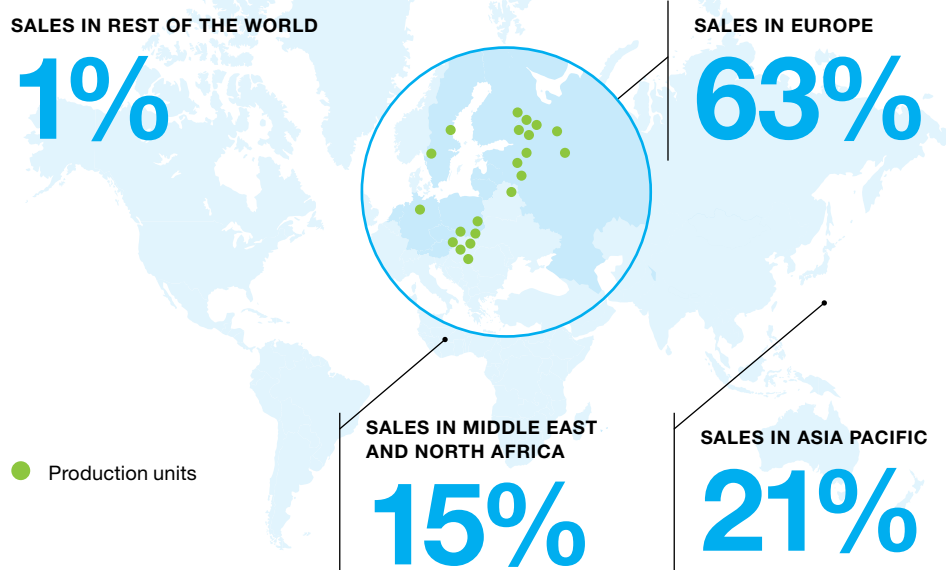


# Wood Products

The Wood Products division aims to be the leading building solutions provider in wood-based construction and a forerunner in innovative wood-based solutions. The product range covers many areas of urban construction including massive wood elements, housing modules and wood components. It also covers a variety of sawn timber goods and pellets for sustainable heating. The division's solutions are geared to address high demands with regard to safety, quality, design and sustainability.

### Solutions

- Cross laminated timber (CLT)
- Laminated veneer lumber (LVL), start-up Q2 2016
- Classic sawn
- Industrial Components
- Pellets
- Construction Beams; Post and beam, KVH
- Building solutions



The division has more than 20 production units in Europe and operates globally.

### Trends

#### Wood on the rise

Population growth, urbanisation, climate change and eco-awareness are strong trends driving the business for wood-based construction and solutions. Cities are growing and consequently there is greater need for residential housing as well as office and commercial buildings, resulting in an increased demand for lighter, easy-to-assemble and renewable construction materials.

Driving the demand for green buildings, environmental regulations influence city planners as well as property investors, real estate developers and multinational design and building constructors. This opens up vast commercial opportunities for wood, which is an energy-efficient, recyclable and carbon-neutral construction material with unique properties.

## DIVISIONS: WOOD PRODUCTS

### Advantages

- Broad product portfolio
- Own global sales network and distribution to serve customers
- Customer service development including e-business solutions
- Broad operational platform in more than 20 sites in 10 countries
- Effective supply chain from forest to customer
- Sustainability throughout the supply chain



**We aim to be a forerunner in solutions for wood-based constructions, reducing the use of less sustainable materials, while also providing value-adding services all along the supply chain.**

**Jari Suominen**  
Executive Vice President, Division Wood Products

### Strategy

#### Value added from raw material to end product

To become the leading provider of innovative wood-based solutions, the Wood Products division's strategy is to grow in businesses where it has a strong and sustainable market position, higher profitability and room for differentiation. The strategy is based on integrated production of competitive classic sawn and higher value added products such as CLT, LVL, Industrial Components, Pellets and Construction Beams.

Efforts to strengthen our customer focus, service and improve value chain performance are bringing the division closer to its targets. Continuous improvements are also the Wood Products division's way of supporting a winning culture.

### Transformation in action

#### Closer to targets

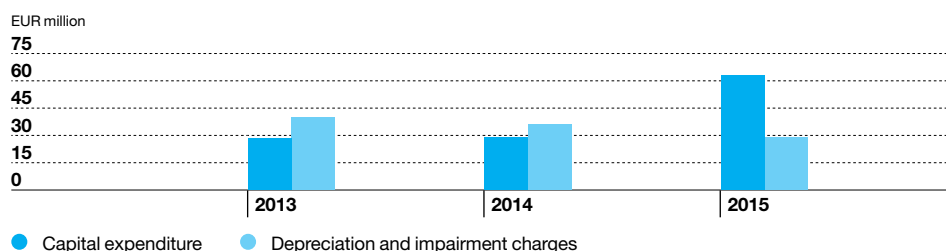
In 2015, the Wood Products division completed several development investments and facility improvements to better serve customers. The division's organisation was also re-structured to better support the implementation of the division's strategic targets.

In February, Stora Enso announced the investment of EUR 43 million in a new production line for wooden building elements that will be located in Varkaus, Finland. The investment is based on peeling technology and the new products complement the existing product portfolio. The new LVL production in Varkaus will enable Wood Products to meet its growing urban construction needs, serve new geographical areas and markets and offer customers a wider range of wood product solutions. Production is scheduled to begin in the second quarter of 2016. The estimated yearly capacity of the production line will be around 100 000 m<sup>3</sup>.

The EUR 28 million investment to modernise and develop Murów Sawmill in Poland with an increased capacity and improved competitiveness was completed and the new cost-competitive sawmilling started-up during autumn 2015. The remaining investments will be completed by the second quarter of 2016. The production capacity of the sawmill rose to 140 000 m<sup>3</sup>/shift/year. Over the next five years, Stora Enso plans to increase the sawmill's output gradually to 400 000 m<sup>3</sup> per year.

## DIVISIONS: WOOD PRODUCTS

### Capital expenditure and depreciation in Wood Products



The Pälkäne production unit was closed in June and sold in December as part of the rationalisation of the operational model in Building Solutions Finland, announced in March 2015. Wood Products division continued its growth in the pellet business by opening a new pellet production line at the Ždírec sawmill in central Czech Republic.

In December Stora Enso announced to invest EUR 16 million to start pellet production and to renew the boiler at Ala Sawmill in Sweden. The integrated pellet production at the sawmill will secure the best product quality and manufacturing efficiency, while the investment in the boiler will improve the cost efficiency and environmental performance of the mill. Pellet production is estimated to start during the second quarter of 2017. Stora Enso will also invest EUR 10 million to renew the boiler at its Honkalahti Sawmill in Finland, in order to achieve cost savings and improve the environmental performance of the mill.

In Finland, the 8-storey wooden building Puukuokka was awarded the Finlandia Prize 2015 for Architecture by the Finnish Association of Architects (SAFA). Located in the city of Jyväskylä, the building with 58 apartments is constructed with modular Cross Laminated Timber (CLT) elements produced by Stora Enso. Also other buildings with CLT received recognitions in the UK and Australia, among others.



Wood construction is moving towards taller and larger high profile structures using heavy timber and engineered wood. The usage is also expanding into emerging markets where wood as a construction material is still a somewhat new concept.

**Frank Lam**, Senior Chair Professor, Wood Building Design and Construction, The University of British Columbia

### Competitive landscape

#### A better alternative

For the Wood Products division, competition exists primarily at the local level, from manufacturers of construction and interior decoration materials to companies operating sawmills and working in the wood industry. The construction market is growing overall, and the usage of wood is shifting to new areas that were traditionally occupied by other materials such as concrete, steel, glass and metal.



## DIVISIONS: WOOD PRODUCTS



Wooden buildings and products act as long-term carbon storages as they store carbon dioxide for their entire lifetime.

## Innovation and future

### Promoting sustainable living

The innovation work in the Wood Products division extends from process development in classic sawn materials to totally new wood-based products and solutions which could become viable alternatives to concrete, steel and other less sustainable materials.

Innovation work is conducted in close interaction with business. E-services and tools have been developed during the year as well as continuous improvement in Wood Products' building systems and solutions offering. A result of Building Solutions' focus on the system developments is for instance the new sustainable concept for fast modular houses, combining the high quality wooden raw material, the state-of-the-art technologies and efficient production.

## PROGRESS

### Main achievements in 2015

- Start to build a new LVL mill in Varkaus
- Completion of the transfer of production from Austria to Poland by Murów start-up
- Continued growth in pellets at the new mill in Ždírec
- Customer driven developments such as e-business tools and services

### Main focus and targets in 2016

- Safety, aiming at zero accidents
- Customer driven developments throughout the value chain
- Successful completion and launch of LVL
- Continuous development of competitive classic sawn by Murów ramp up
- Create added value for customers through sustainability in certified products and operations

## DIVISIONS: WOOD PRODUCTS



## Financial performance

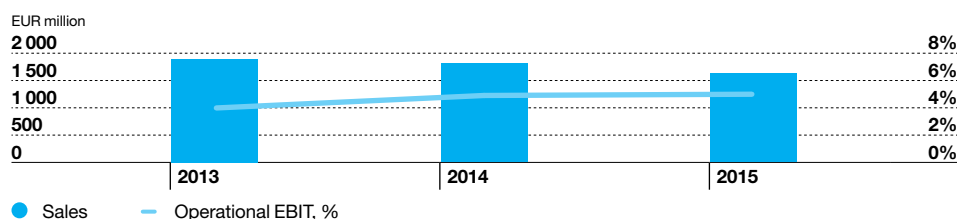
### Key figures

EUR million	2015	2014	2013
Sales	1 603	1 779	1 867
Operational EBIT	81	89	75
Operational ROOC	15.7%	17.3%	13.9%
Cash flow from operations	118	86	125
Cash flow after investment activities	59	58	97
Average number of employees	3 824	4 046	4 282
Wood products deliveries, 1 000 m³	4 334	4 493	4 776

Wood Products division sales were EUR 1 603 million, down 10% from 2014 mainly due to lower delivery volumes to North African and Middle East markets, and lower sales prices in local currencies.

Operational EBIT at EUR 81 million was EUR 8 million down from previous year, mainly due to lower sales prices in local currencies partly offset by lower wood costs.

### Sales and operational EBIT



## DIVISIONS: WOOD PRODUCTS



### Customer case

## Building the future with wood

In Trondheim, Norway, Stora Enso has been co-operating with Woodcon on their biggest project – five nine-storey student homes, a library and a kindergarten built with CLT from Stora Enso.

“Our co-operation with Stora Enso has been good in all aspects. The product quality is good, the people are skillful, the factory is modern and deliveries come on time. There is flexibility in our work together, something I call real partnership,” says **Terje Strand**, CEO of Woodcon.

Strand has almost 40 years of experience working with wood. He claims that there is no other material as important. For him, CLT is one of the best wooden solutions: it is renewable and natural, but also an easy material to work with. It gives freedom to the architectural design and the construction time is relatively short.

According to Strand, “green aspects” are becoming more and more important to people in all areas of life. And as the wooden construction industry grows,

other massive wooden materials will be developed alongside CLT. At the same time, wood needs to be more widely promoted as a construction material in legislation and regulations.

“The future for wooden construction is not just a dream, it is here. We just need to find the best ways to use it.”

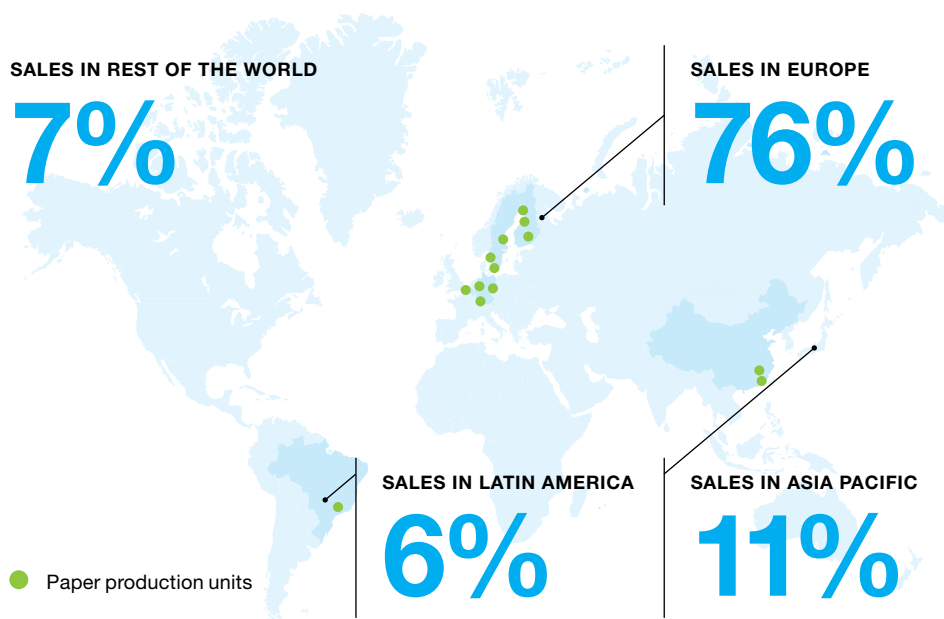
## DIVISIONS: PAPER

# Paper

Stora Enso is the second largest paper producer in Europe with an established customer base and a wide product portfolio for print and office use. Our ambition is to be best in class in paper – better than the competition in operational excellence, understanding customer needs and profitability. Customer segments, including publishers, retailers, printing houses, merchants, converters and office suppliers, benefit from Stora Enso's wide selection of papers made from recycled and fresh wood fibre, as well as valuable industry experience, know-how and customer support.

## Solutions

- Newsprint and book papers
- Uncoated magazine papers
- Coated papers
- Office papers
- Technical customer service and support services
- Supply chain and sustainability expertise
- E-business solutions



Stora Enso operates 10 paper mills in Europe and two in China. The divestment of the Arapoti Mill in Brazil is expected to be completed in the first quarter of 2016.

## Trends

### Changing media consumption

The megatrend of digitalisation is driving structural change in the marketplace and affecting the demand for paper. The increased use of digital media has had a negative impact on newsprint demand. New devices such as tablets also affect the demand for printed magazines and books. However, advertisers see flyers and folders as a highly effective means for getting consumers to brick-and-mortar retail or online stores. Copy paper is performing relatively well as people continue to print at offices and at home.

Developments in digital technologies are opening up the potential of new cost efficient print processes and on-demand production processes. Additionally, Stora Enso is further exploring what the industrial internet can bring in terms of efficiency and business models.



## DIVISIONS: PAPER

### Advantages

- Competitive assets and efficient supply chain
- Access to virgin and recycled fibre
- Integrated pulp, well-invested in energy
- Long-term customer relationships
- Own sales network
- Innovation beyond products
- 90% of the paper brands awarded Ecolabels for environmental excellence



**Within Paper, our transformation is in the continuous improvement of processes, energy efficiency and material expertise to serve our customers with products and services that fit their needs, all of which also contribute to the growth of Stora Enso's businesses.**

**Kati ter Horst**  
Executive Vice President, Division Paper

## Strategy

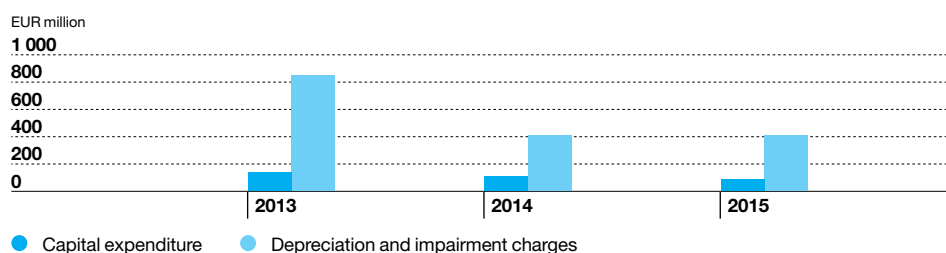
### Best in class

With two product areas, the Paper division is efficiently able to react and respond to the market. The uncoated magazine, newspaper and book paper product area serves newspaper and book publishers as well as the retail and printer customer segments. The coated paper and office product area serves magazine paper publishers, merchants and office supply distributors as well as scholastic and envelope converters.

The division's operations and manufacturing network have been restructured during the last few years and the work will continue to improve efficiency and operational performance. Through sales and service teams, Stora Enso is also increasing its cooperation level with key customers in order to be able to find improvements in the supply chain and detect new business opportunities or operating models.

The Paper division's role in supporting Stora Enso's transformation strategy is to generate cash to enable Stora Enso's growth in other areas. On the whole, Stora Enso is developing its paper business by increasing our insight into customer needs and by investing in processes, energy efficiency and material expertise, all of which also contribute to the growth of the group's other businesses.

### Capital expenditure and depreciation in Paper



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DIVISIONS: PAPER



Catalogues drive sales: 60% of people go online to make a purchase within a week of receiving a printed catalogue.

Transformation in action

Introducing the retail service

The Paper division’s ambition is to enhance its ability to continuously develop innovative paper products that best serve their end-purposes. The retail segment, in particular, is showing a demand for economical paper grades that deliver lower weight combined with excellent print results that can support brand image. During 2015, the new retail service concept was introduced by the Paper division to several customers. This includes six services that create added value for our retail customers.

At the end of August 2015, woodfree uncoated paper production at the Varkaus Mill in Finland was stopped, thus ending a tradition of paper production at the site that had lasted over ninety years. With a EUR 110 million investment, the paper machine was successfully converted to produce virgin-fibre-based kraftliner at the end of October. Before the conversion, the Varkaus Mill produced 280 000 tonnes of uncoated fine paper annually. Stora Enso continues to supply the same paper products to its office paper customers from



As a leading global producer of industrial minerals Omya is striving for growth with strong and reliable partners. Omya joins Stora Enso on its transformation journey into a value creating renewable materials company focusing on innovation, sustainability, cost and quality leadership and continuous improvement.

Dr. Thoralf Gliese, Executive Vice President - Forest Products Industry, Omya International AG

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## DIVISIONS: PAPER

### Competitive landscape

#### Sustainability as a competitive advantage

its two other uncoated woodfree units, the Veitsiluoto Mill in Finland and the Nymölla Mill in Sweden. The transformation period has been utilised to optimise and fine-tune Stora Enso's office paper offering so that it continues to suit specific customer needs.

In 2015 the divestment of the Uetersen specialty and coated fine paper mill in Germany was completed. The divestment reduced Stora Enso's annual paper production capacity by around 240 000 tonnes. Stora Enso continues to produce specialty papers at Imatra Mill and coated fine paper at Oulu Mill in Finland. In December Stora Enso announced plans to divest the Arapoti Mill in Brazil. The divestment is expected to be completed in the first quarter of 2016.

The Paper division has set high goals for reducing its CO<sub>2</sub> emissions. Recent investments into recovery boilers in Veitsiluoto and Oulu Mills in Finland are examples of on-going efforts to support this goal. The division also takes full advantage of its mill infrastructure, using it to pursue opportunities in renewable energy and fibre-based products.

90 percent of Stora Enso's paper brands have been awarded one or more ecolabels for their reduced environmental impact throughout their lifecycles. Third-party verified traceability systems are used to ensure that the Paper division knows the origins of the wood and pulp used in its production. Three of Stora Enso's paper mills produce paper from 100% recycled fibre and five paper mills in total make paper grades using recycled fibre. As a company, Stora Enso is one of the biggest users of recovered paper in Europe.

### Innovation

#### Not quantity, but quality

The Paper division's innovation agenda includes operational excellence, new or improved paper grades to fit customer needs, new business models and services, new non-graphical products based on wood fibre and continued initiatives for better resource efficiency and lower environmental impact. With a decreasing global market for paper, the question is not about quantity, but rather quality – in customer focus and value chain effectiveness.

In 2015, the Paper division introduced the Open Innovation -concept to explore unmet customer needs and to speed up the development of new ideas that have promising market potential. The Open Innovation process engages external partners and potential customers at workshops where selected ideas with promising business potential are presented. Strong ideas are developed into prototypes and pilot scale products or services, which are then tested in a real business environment. The most promising products or services are brought to management for further investment approval and prioritisation.

## PROGRESS

### Main achievements in 2015

- Clearly improved safety result
- Increased sales to the retail customer segment, supported by new products and services
- High capacity utilisation
- New approaches to idea generation and innovation management
- Successful paper machine conversion in Varkaus with office paper optimisation at Nymölla and Veitsiluoto mills

### Main focus and targets in 2016

- Safety, aiming at zero accidents
- Improved profitability
- Customer focus with more value added services
- Making sustainability a competitive advantage
- Cost efficiency and operational excellence

## DIVISIONS: PAPER



## Financial performance

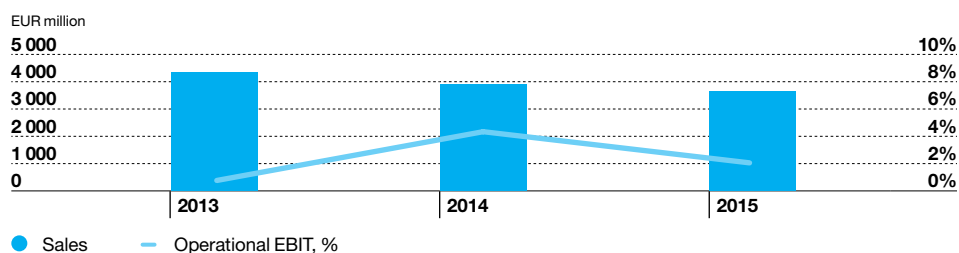
### Key figures

EUR million	2015	2014	2013
Sales	3 630	3 912	4 319
Operational EBIT	77	172	34
Operational ROOC	5.5%	9.4%	1.4%
Cash flow from operations	286	354	382
Cash flow after investment activities	201	243	248
Average number of employees	6 810	7 700	8 373
Paper deliveries, 1 000 t	5 778	6 006	6 525

Paper division sales were EUR 3 630 million, down 7% from 2014, due weaker demand and lower average sales prices in local currencies, disposal of Uetersen Mill in Germany in early 2015 and conversion of Varkaus fine paper mill into kraftliner in autumn 2015. Foreign exchange rate changes, especially strengthening of the US Dollar, increased sales.

Operational EBIT at EUR 77 million was EUR 95 million down due to lower sales prices in local currencies and higher pulp costs. Impact of foreign exchange rates was positive and depreciations were lower mainly due to the impairment of intangible assets and property, plant and equipment recorded in 2014.

### Sales and operational EBIT





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DIVISIONS: PAPER

Customer case



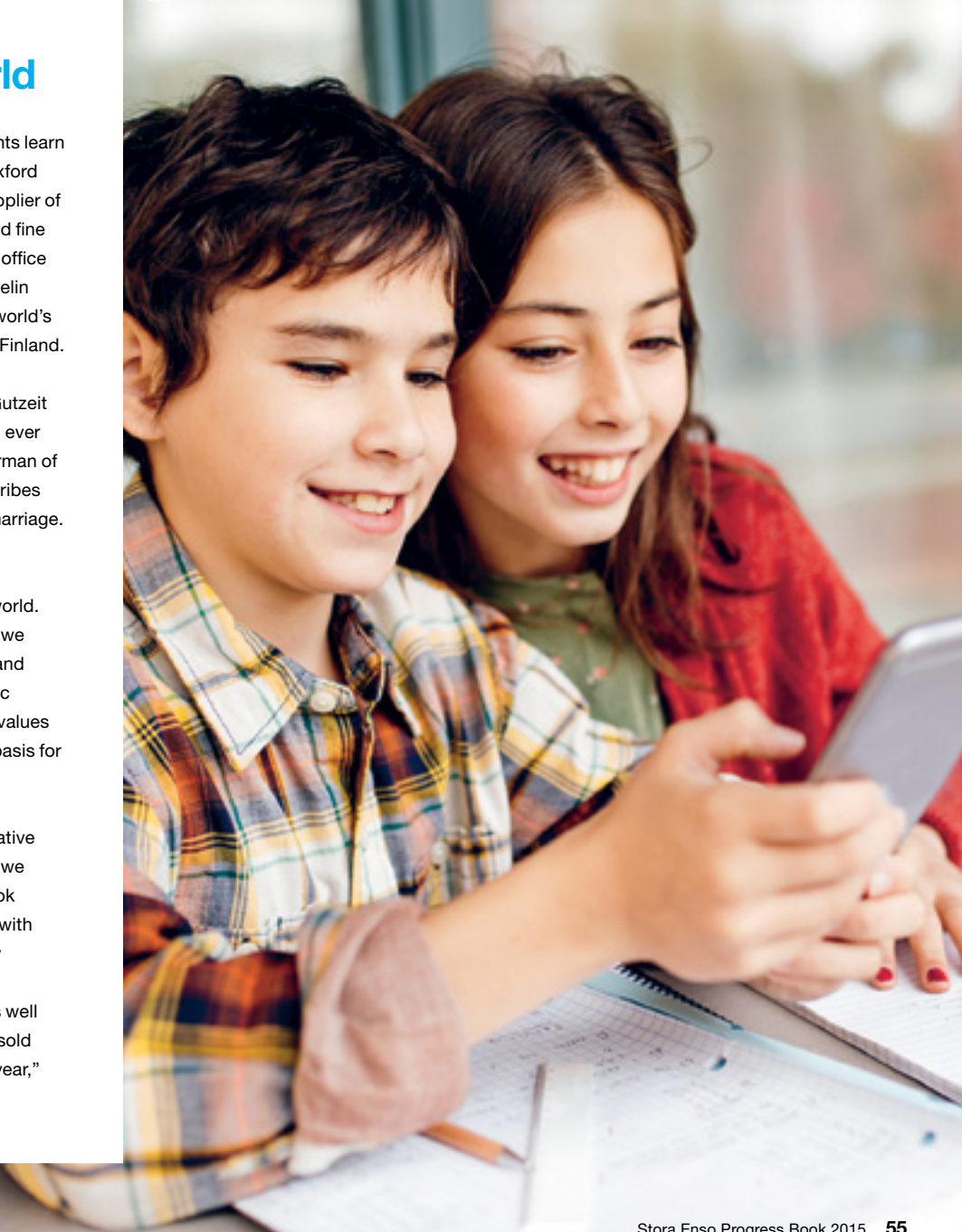
Notebooks for  
a digitalised world

Every year, millions of European students learn new things in school while writing in Oxford notebooks from Hamelin, a leading supplier of paper products to the office, school and fine art markets. Stora Enso's eco-labelled office paper BergaWrite is produced for Hamelin and other European customers at the world's northernmost paper mill, Veitsiluoto in Finland.

"We started buying paper from Enso-Gutzeit 45 to 50 years ago and have continued ever since," says **Stéphane Hamelin**, Chairman of the Board at Groupe Hamelin. He describes the relationship with Stora Enso as a marriage.

"Stora Enso is one of the top paper manufacturers in Europe – and in the world. Paper is a large share of our costs and we expect high-quality products, service and competitive prices. Besides these basic requirements, I think it is our common values with Stora Enso that have formed the basis for our long relationship."

"We need to be flexible and very innovative in line with digitalisation. For example, we have designed and patented a notebook with four tags on each page. Scanned with a smartphone, the page is immediately converted into a digital file. It is a little revolution in the world of notebooks as well as a success story: one million pieces sold last year and double-digit growth this year," Stéphane Hamelin notes.



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PEOPLE AND LEADERSHIP

# People and leadership

As Stora Enso becomes an increasingly global company, winning culture is driven by motivated employees and the right organisation, honouring the company’s purpose “Do Good for People and the Planet” and Values “Lead” and “Do What’s Right.”

Inspiring leadership is a leading driver in building a winning culture, which is why Stora Enso invests in the area of leadership. Additionally, performance management and target setting are prioritised to build high performing teams. The aim is that every employee at Stora Enso has clearly defined targets and an annual performance appraisal, as well as open and frequent feedback and communication with managers. Being proud of Stora Enso as a workplace is crucial for motivation, and investing in people also has an aim of increasing employee willingness to recommend the company as an employer.

Safety, business ethics and sustainability remain priorities. Stora Enso ensures that our employees have undertaken training in the Code of Conduct and compliance, and follow these in all business decisions.

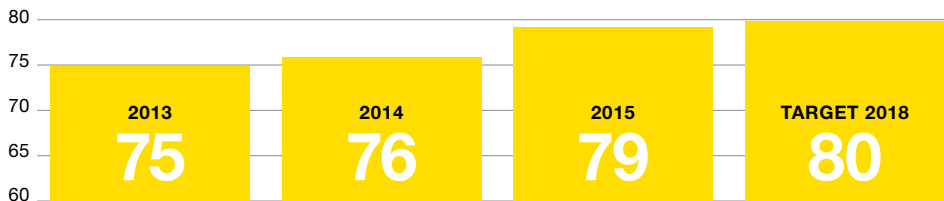
 More information on these priorities can be found in Sustainability Report 2015.

## Employee survey shows progress

Your Voice is Stora Enso’s annual employee survey in which all employees are invited to participate, resulting in a high survey response rate of 91 % in 2015. The employee survey is both a tool to help Stora Enso understand and follow up on our overall change journey as a company, addressing priorities in our global strategy, as well as a tool for managers to work with continuous improvements together with their team. All main indices driving leadership and engagement related progress indicate a positive trend in 2015.

### PROGRESS

#### Leadership



Leadership Index is measured annually in Stora Enso’s Your Voice employee survey, and consists of numerical answers to 16 questions related to the respondent’s view of the direct manager.

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PEOPLE AND LEADERSHIP



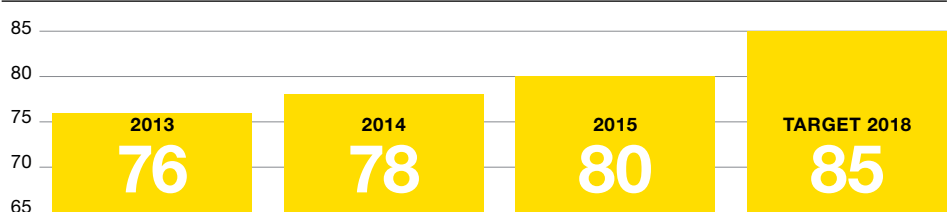
“We are proud of the positive development we see in the results from the Your Voice survey. However, we do not settle with this, but will act to further improve.”

**Lars Häggström**  
Executive Vice President,  
Human Resources

The Leadership Index is made up of a set of questions in the Stora Enso Your Voice survey. The questions focus on the actions of the respondent’s direct manager, as well as the way the person feels treated by the leader. A set of five Leadership Themes guides all leadership at Stora Enso, rolled out by an extensive, custom-made leadership program for all managers with one or more direct subordinates. The Leadership Themes are Customer Needs, Business Acumen, People Management, Inspire & Motivate and Do What’s Right.

PROGRESS

Engagement



Employee Engagement Index is measured annually in Stora Enso's Your Voice employee survey, and consists of numerical answers to seven questions related to engagement indicators including, but not limited to motivation, pride and goal orientation.

Stora Enso’s ability to create value is enabled by high employee engagement. The Employee Engagement Index focuses on measuring the engagement of the Your Voice respondent with a set of questions geared towards motivation, pride in own work, belief in the future and goal orientation.

The Employee Engagement Index results are supported by the litmus test of pride in working for Stora Enso: the Employee Net Promoter Score (eNPS). This metric asks the respondent one question on a scale of 1-10, “How likely is it that you would recommend Stora Enso as a workplace to a friend?”

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## PEOPLE AND LEADERSHIP



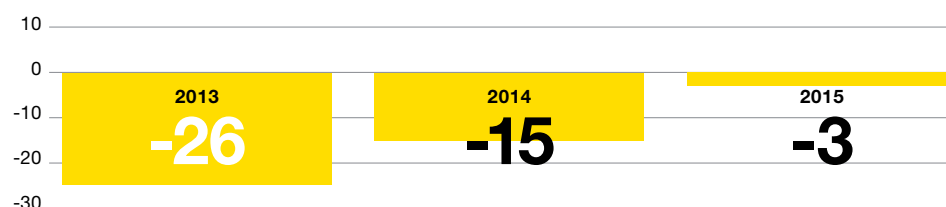
The diversity in GROW is amazing. The backgrounds of the trainees vary from engineering to financing and from a lawyer to sales people. We come from around the world: Europe, China, South America and India. This really shows how Stora Enso values multi-disciplinary dialogue, and it demonstrates how the company believes that only by breaking down barriers and working together will we be truly able to change and develop as a company.

**Mia Ellilä**, Production Engineer, Stora Enso Imatra Board Mill and GROW Trainee

Employee Net Promoter Score has the strongest correlation with energy and pride in the employer, belief in the future and trust in management. The goal for Stora Enso is to continue on a positive trend and reach at least the external average benchmark of seven by 2018.

### PROGRESS

#### Employee Net Promoter Score



Employee Net Promoter Score is measured annually in Stora Enso's Your Voice employee survey, and consists of one question related to the likelihood of recommending Stora Enso as a workplace to a friend. A positive score indicates that there are more promoters than detractors, while a negative score indicates the opposite.

### Pool of future leaders

The GROW Global Trainee Programme is about strengthening our pool of future leaders across the organisation and tackling the Group's challenging demographic profile. Aimed at recent University graduates with maximum three years of work experience, the programme is a unique opportunity to work full-time at Stora Enso in a permanent position while attending a programme focused on accelerating the transformation of the company.

Trainees attend world-class strategy and leadership modules at IMD Business School, manage real-life transformation projects in the company to support top management and engage in international internships within Stora Enso's operations. The 2015 Programme began in September 2015 and will continue until December 2016, including 27 trainees in 24 locations around the world.



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PEOPLE AND LEADERSHIP

## Pathbuilders as change agents

Stora Enso's internal talent programme 'Pathbuilders' was originally launched in 2011, when the Group Leadership Team (GLT) realised that it would benefit significantly from greater diversity in opinions and ideas during the group's transformation. The fifth annual Pathbuilders programme was rolled out in autumn 2015.

The core purpose of the Pathbuilders programme is to accelerate the company's transformation by building a dual structure of change agents in parallel to the line organisation. This is done in at least three ways; first, by allowing anyone in the organisation to apply to the program, second, by selecting the participants based on the principles of Diversity of thought, enabling different age groups, types of experiences and even nationalities to be represented, and third, by placing the groups to work on cross-divisional business challenges with extremely high significance and priority for the GLT.

In addition to solving problems related to the business, Pathbuilders are also provided with the personal development opportunity of a lifetime. Many Pathbuilders change the direction of their careers as a direct result of the program, leading to lasting impact for the individuals as well as the company.

Pathbuilders and the Group Leadership Team gathered in Helsinki, Finland to discuss final project outcomes in May 2015.

# Stora Enso as a taxpayer

Stora Enso's operations generate value through taxes for governments around the world. In 2015 Stora Enso paid more than EUR 1 billion into public sectors, including EUR 792 million in collected taxes.

Stora Enso aims to be transparent with respect to economic value generation. For this purpose, Stora Enso makes a voluntary commitment to openly provide details of the taxes paid by the group to governments in its main countries of operation. This commitment to our stakeholders is fully in line with Stora Enso's values to 'Do what's right' and 'Lead', as well as with the group's purpose: 'Do good for the people and the planet'.

## Stora Enso's tax policy

Stora Enso is committed to ensure that the group observes all applicable tax laws, rules and regulations in all jurisdictions where it conducts its business activities. Stora Enso follows international transfer pricing guidelines and local legislation. In addition to our legal and regulatory requirements, our tax principles comply with our values, highlighting the importance of 'doing what's right'. Furthermore, we seek to ensure that our tax strategy is aligned with our business and commercial strategy. We only undertake tax planning that is duly aligned to economic activity. This means that all tax decisions are made in response to commercial activity, and tax is only one of many factors that are taken into account when making business decisions.

As with any other business expense, however, we have an obligation to manage our tax costs as part of our financial responsibility to societies and shareholders. We are therefore willing to respond to tax incentives and exemptions granted by governments on reasonable grounds, and we currently have operations in countries that offer favourable tax treatments, where their location is also justified by sound commercial considerations.

Stora Enso has operations in the following locations that offer favourable tax treatments:

- The joint operation Montes del Plata operates a pulp mill in a Special Economic Zone in Uruguay.
- Stora Enso's two forestry companies in Guangxi, China are entitled to exemption from corporate income tax and value added tax on their sales, and the related industrial company will benefit from reduced tax rates during its first 10 years of operation.
- Stora Enso owns a dormant company in Luxembourg with equity of EUR 6 million, which is a remnant of a former legal structure.
- Stora Enso conducts business, mainly consisting of sales services, in the United Arab Emirates, Singapore and Hong Kong.

## STORA ENSO AS A TAXPAYER

- During 2015, Stora Enso sold off its 51% stake in a holding company in the British Virgin Islands, which had become part of the group's ownership structure with the earlier acquisition of the Inpac International packaging company.
- For logistical and operational reasons, pulp from the group's joint operations in Brazil and Uruguay is traded via a pulp sourcing and marketing company based in the Netherlands.



For more detailed information see [storaenso.com/investors](http://storaenso.com/investors).

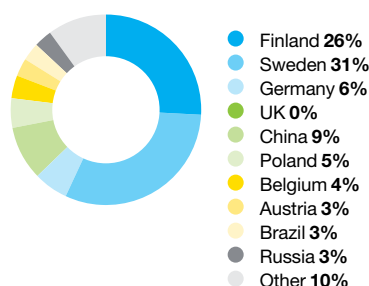
Our commitment to tax transparency is also reflected in our relationships with tax authorities and governments. We seek to work positively, proactively and openly with tax authorities on a global basis, aiming to minimise disputes and to build confidence wherever possible.

### Stora Enso's tax footprint

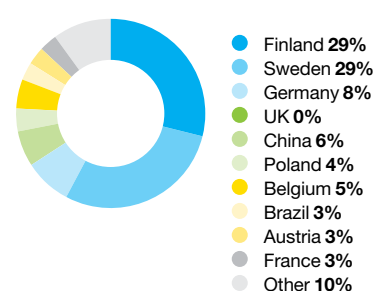
In 2015 Stora Enso paid EUR 1 215 million (1 148 million in 2014) in taxes to governments in countries where the group has operations. A total of EUR 423 (372) million was paid directly by the group (taxes borne) while EUR 792 (776) million was collected on behalf of governments (taxes collected).

#### Total taxes borne

2015

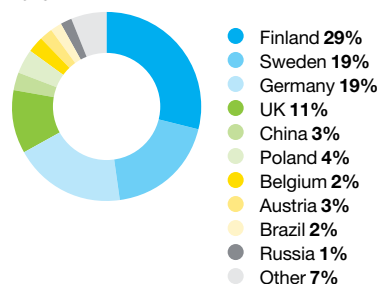


2014

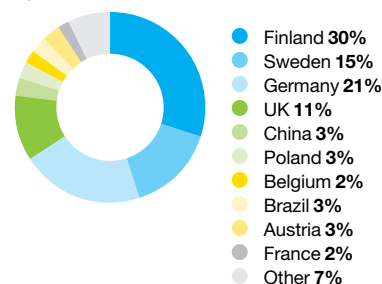


#### Total taxes collected

2015



2014



## STORA ENSO AS A TAXPAYER

### Taxes paid in major countries of operation

		Year ended 31 December							
		Taxes borne							
		Corporate income tax		Employment taxes		Operational taxes		Total	
EUR million	Primary activity	2015	2014	2015	2014	2015	2014	2015	2014
Finland	Production	-	-	89	95	20	14	109	109
Sweden	Production and sales	37	14	87	89	6	5	130	108
Germany	Production and sales	3	-	17	21	7	7	27	28
UK	Sales	-	-	1	1	-	-	1	1
China	Sales	4	4	13	10	20	9	37	23
Poland	Production and sales	10	2	4	6	6	6	20	14
Belgium	Production and sales	2	-	11	12	6	5	19	17
Austria	Production and sales	-	1	11	11	1	-	12	12
Brazil	Production	2	4	3	3	9	5	14	12
Russia	Production and sales	4	2	3	2	4	3	11	7
Other		17	12	20	21	6	8	43	41
<b>Total</b>		<b>79</b>	<b>39</b>	<b>259</b>	<b>271</b>	<b>85</b>	<b>62</b>	<b>423</b>	<b>372</b>

		Year ended 31 December									
		Taxes collected								Total taxes paid	
		VAT & similar <sup>1</sup>		Payroll taxes		Other taxes		Total			
EUR million	Primary activity	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Finland	Production	33	34	143	142	52	59	228	235	337	344
Sweden	Production and sales	71	37	82	82	-	-	153	119	283	227
Germany	Production and sales	113	115	37	47	-	-	150	162	177	190
UK	Sales	85	86	2	2	-	-	87	88	88	89
China	Sales	9	13	12	8	-	-	21	21	58	44
Poland	Production and sales	27	17	8	5	-	-	35	22	55	36
Belgium	Production and sales	9	8	10	11	-	-	19	19	38	36
Austria	Production and sales	8	7	14	14	-	-	22	21	34	33
Brazil	Production	3	8	3	4	10	11	16	23	30	35
Russia	Production and sales	9	13	1	1	-	-	10	14	21	21
Other		28	28	21	21	2	3	51	52	94	93
<b>Total</b>		<b>395</b>	<b>366</b>	<b>333</b>	<b>337</b>	<b>64</b>	<b>73</b>	<b>792</b>	<b>776</b>	<b>1 215</b>	<b>1 148</b>

<sup>1</sup> VAT, goods and services taxes and similar turnover related taxes

Stora Enso did not pay corporate income tax in Finland in 2015 because of tax losses carried forward from previous years. The tax losses of EUR 887 (971) million carried forward in Finland are the result of a number of factors including high closure and restructuring costs incurred over the past few years.

All companies within the scope of Stora Enso's tax footprint are consolidated or joint operations, which have been consolidated proportionally with Stora Enso's share amounting to at least 50%. Consolidation includes all companies that have either at least 10 employees or a turnover of EUR 5 million or above (for 2014 at least 30 employees or a turnover of EUR 15 million or above).

If a Stora Enso company was in a recovery position regarding VAT or energy taxation in a

specific country, tax payments for this company have been reported at NIL.

Taxes borne include all tax and tax-like payments that Stora Enso has paid as own taxes. Tax-like payments include other forms of government revenue raised outside of the tax regime, such as payments for emission rights or social security payments.

Taxes collected include all tax and tax-like payments that Stora Enso has collected on behalf of the government, including e.g. payroll taxes as well as VAT and similar sales-related taxes paid by Stora Enso. The economic burden for such taxes ends up with the buyer or final consumer.

Stora Enso's tax footprint figures also reflect governmental incentives granted in the form of reduced tax rates or tax exemption, by reporting

lower tax payments. However, governmental support is often granted in the form of subsidies, particularly in relation to energy consumption or favoured investments, which are not considered in our tax footprint calculations.

Stora Enso's effective corporate income tax rate for 2015 was 3.8%. The main reason for the low tax rate is that Stora Enso does not report any tax expenses related to its equity accounted investments (EAI) in the line **Income tax** of the Consolidated Financial Statements. The net income of EAI is reported in the line **Share of results of equity account investments**. This procedure is in alignment with IFRS. If the tax expenses related to the returns on EAI had been included in Stora Enso's tax computations, the group's tax rate for 2015 would have been approximately 18%.



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## STORA ENSO AS A TAXPAYER

### Wider economic impact

The tax footprint above shows Stora Enso's direct contributions through tax payments to governments around the world. However, Stora Enso's business also generates much more extensive economic benefits for society.

As an example, in connection with our transformation from a traditional paper and board producer to a global renewable materials growth company, we have converted our fine paper machine in Varkaus, Finland, to produce kraftliner. This machine conversion enabled us to respond to two current market trends: declining global demand for paper, and an increasing global market for renewable packaging board. After this EUR 110 million investment (for which Stora Enso received EUR 7 million investment subsidies), Stora Enso will be able to continue offering approximately direct 300 jobs. It also means that Stora Enso will continue to make payments related to employment – payroll taxes and social security charges – amounting to approximately EUR 12 million every year, as well as annual operational tax payments of approximately EUR 11 million.

Stora Enso is also investing EUR 43 million in a new production line for wooden building elements (LVL) located in Varkaus, Finland, scheduled to start up in the second quarter of 2016. The investment will be subsidised by approximately EUR 5 million. Once the mill runs at full capacity, this investment will create 80 new jobs at Stora Enso, and 150 jobs overall, including employment with providers of wood procurement and logistics services.

After these investments are completed, Varkaus Mill's new lines will annually need about two million cubic metres of wood, mainly sourced from the surrounding region. In addition to benefiting the public sector through taxes, the investments will stimulate the local economy by promoting a positive investment climate and creating jobs and value along local supply chains. It is estimated that new jobs in industrial plants also indirectly create several times as many more jobs in the region.

## RISK MANAGEMENT

# Risk management

Effective risk management is a competitive necessity and an integral part of value creation, so Stora Enso's risk management process is closely aligned with the group's strategy. We are committed to ensure that the holistic, systematic and proactive management of risks and opportunities forms an integral part of our business performance management together with carefully designed mitigation actions.

A consistently applied methodology, utilising the COSO (Committee of Sponsoring Organizations) framework and Stora Enso's own risk universe, is applied to identify key risks which could prevent the group from reaching its business objectives. Consideration is given to strategic and operational risks, as well as risks related to compliance, financial markets and reporting, also including issues related to sustainability and the group's reputation. Once identified, risks are duly analysed and evaluated to establish their financial and non-financial impacts, the likelihood of their occurrence, and their root causes. Existing risk controls to mitigate those risks are considered to enable a creation of group risk register and additional risk mitigation actions are determined for risks which exceed perceived risk tolerance. Risk transfer through insurance solutions is a key element of Stora Enso's Group Risk Management.

Management examines identified and emerging risks, and monitors progress on actions designed to mitigate key risks, through quarterly business reviews. This monitoring is supported by the group's internal audit programme, which evaluates the effectiveness of the controls designed to mitigate key risks. The results of this risk management process are periodically reported to the Audit Committee.

The following risk map and the key risks table summarise the principle risks identified in 2015.



A more detailed description of Stora Enso's risk management governance and process is included together with details of significant risks in the Report of the Board of Directors in the Financial Report 2015.

## RISK MANAGEMENT

### Risk map



### Key risks in 2015

#### Symbols

- M** = Mandatory obligations
- E** = External factors
- I** = Internal capabilities
- S** = Strategic
- O** = Operational
- C** = Compliance
- F** = Financial market and reporting
- ST** = Short-term
- LT** = Long-term

#### Change vs 2014

- ↑ Increased
- ↓ Decreased
- Stable

#### Level of possible management influence



Risk	Risk classification	Time span	Change vs 2014	Level of possible management influence
<b>MAJOR IMPACT – HIGH LIKELIHOOD</b>				
1 Ethics and compliance	M/C	ST	↑	Low
<b>MAJOR IMPACT – MEDIUM LIKELIHOOD</b>				
2 Strategic investments	I/S/O	LT	—	Low
3 Macroeconomy and FX	E/S/F	ST	↑	Low
4 Global warming	E/S	LT	↑	Low
5 Mergers, acquisitions and divestures	I/S	ST	—	Low
<b>MODERATE IMPACT – HIGH LIKELIHOOD</b>				
6 Occupational health and safety	I/O	ST	↓	Low
7 Regulatory changes	E/S/C	LT	↑	Low
8 Product safety	M/O/C	ST	—	Low
9 Competition	E/S	LT	↑	Low
10 Community relations	I/O/C	ST	↑	Low

## RISK MANAGEMENT

### 1 Ethics and compliance

Breach of laws and regulations, or of Stora Enso's policies – such as Code of Conduct, Supplier Code of Conduct, Business Practice Policy – regarding fraud, anti-trust, corruption, conflict of interests and other similar areas could have serious repercussions for the group. Potential impacts include prosecution, fines, penalties, and contractual, financial and reputational damage.

#### Mitigation measures

- Ethics and Compliance Programme — including policy setting, value promotion, training and knowledge sharing and grievance mechanisms — is continuously updated and developed.
- The group's internal control system and Internal Audit assurance
- Integration of the Supplier Code of Conduct into supplier contracts, supplier risk assessment, trainings, supplier audits and black-listing procedures

### 2 Strategic investments

Failure to complete a project in accordance with the agreed schedule, budget or specifications can have serious impacts on our financial performance. Significant, unforeseen changes in costs or an inability to sell the envisaged volumes or achieve planned price levels may prevent us from reaching our business goals.

#### Mitigation measures

- Group investment guidelines stipulating the related process, governance, risk management procedures and monitoring
- Pre-feasibility and feasibility studies
- Diligent project management processes
- Post completion audit carried out for all significant investments

### 3 Macroeconomy and foreign exchange rates

Changes in broad economic conditions, sharp market corrections, increasing volatility in foreign exchange rates, chronic fiscal imbalances and deteriorating economic conditions in emerging markets could all have negative impacts on Stora Enso's profits, cash flows and financial position.

#### Mitigation measures

- Continuous monitoring of leading economic indicators and movements in financial markets
- Hedging of 50% of the highly probable 12-month net foreign exchange flows in main currency pairs
- Translation risk reduced by funding assets, whenever economically possible, in the same currency as the asset

### 4 Global warming

Changes in precipitation patterns, the occurrence of typhoons and severe frost periods in subtropical regions could cause serious damage to tree plantations. Increases in average temperatures could lead to changes in the tree species composition of forests. Milder winters could impact the harvesting and transportation of wood in northern regions and the related costs. Additional demand for biomass fuels and agricultural land may limit the availability of land for fibre production, affecting the price of biomass. The increasing global demand for water may in the long-term impact the group's operations through its supply chains.

#### Mitigation measures

- Reduction of our own carbon footprint to mitigate global warming
- Plantation planning to avoid frost-sensitive areas, with non-controversial tree-breeding programmes designed to increase trees' tolerance of extreme temperatures
- Maintenance of a diversity of forest types and structures, diversification of raw material supply
- Introduction of agroforestry concepts to integrate different land use forms and to mitigate competition for land and the effects of rising food prices.

### 5 Mergers, acquisitions and divestitures

Failure to achieve the expected benefits from any acquisition or value from assets or businesses sold can have serious financial impacts. The group could find itself liable for past acts or omissions of the acquired business, without any adequate right of redress. Failure to achieve expected values from the sales of assets or deliveries beyond expected receipt of funds may also impact the group's financial position.



## RISK MANAGEMENT

### Mitigation measures

- Rigorous guidelines, including due diligence procedures applied when evaluating and executing all acquisitions requiring the approval of the Board

### 6 Occupational health and safety (OHS)

Failure to maintain high levels of safety management can result in harm to the group's employees or contractors, and also to communities near our operations and the environment. Impacts in addition to physical injury, health effects and environmental damage could include liability to employees or third parties, impairment of the group's reputation, or inability to attract and retain skilled employees. Government authorities could additionally enforce the closure of our operations on temporary basis.

### Mitigation measures

- OHS governance
- Health and Safety Policy, Safety Toolbox and safety audits
- Safety performance target setting and action plans, with continuous reporting and monitoring
- Training and other initiatives designed to strengthen safety culture
- Incident investigations and root cause analyses

### 7 Regulatory changes

The group's businesses may be affected by political or regulatory developments in any of the countries in which the group operates, including changes to fiscal, tax or other regulatory regimes. Potential impacts include higher costs to meet new environmental requirements, the possible expropriation of assets, and the imposition of royalties, other taxes, or new requirements for local ownership. Political instability can also result in civil unrest or the nullification of existing agreements, harvesting permits or land leases.

### Mitigation measures

- Active monitoring of regulatory and political developments in the countries where the group operates

### 8 Product safety

Some of our products are used to package liquids and food consumer products, so any defects could affect health risks or packaging functions, and result in costly product recalls.

Our wood products are incorporated into buildings, and this may involve product liability resulting from failures in structural design, product selection or installation.

### Mitigation measures

- Certified quality and hygiene management systems
- Improvements in product safety and standard operating procedures
- Contractual liability limitation and insurance

### 9 Competition

Continued tough competition and supply and demand imbalances in the paper, pulp, packaging, wood products and roundwood markets may have an impact on our market share and profitability. Stora Enso's principal competitors include both large international forest products companies, and regional and specialised competitors.

### Mitigation measures

- Market analyses
- Identification of signs of competitor disruption
- Business intelligence and asset classification as part of strategic planning
- Strategic and continuous focus on operational efficiency, innovation, R&D and product development

### 10 Community relations

Failure to successfully manage relationships with local communities and NGOs could disrupt our operations and adversely affect the group's reputation. The group operates in certain countries where land and resource ownership rights remain unclear, and where related disputes may arise.

### Mitigation measures

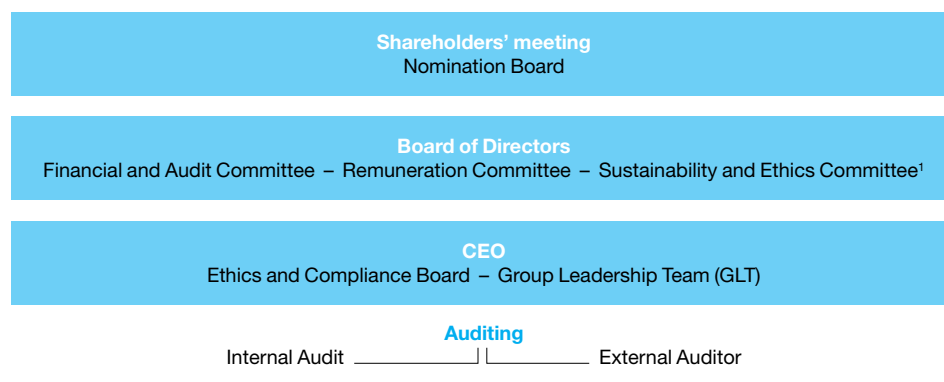
- Comprehensive processes designed to enable our business units to effectively manage relationships with local communities
- Active engagement with communities impacted by the Group's operations
- Environmental and Social Impact Assessments (ESIAs) conducted for all new projects that could cause significant adverse effects in local communities

# Key principles of Corporate Governance

The duties of the various bodies within Stora Enso Oyj are determined by the laws of Finland and by the company's corporate governance policy, which complies with the Finnish Companies Act and the Finnish Securities Market Act. The rules and recommendations of the stock exchanges Nasdaq Helsinki Oy and Nasdaq Stockholm AB are also followed, where applicable. Stora Enso's corporate governance policy is approved by the Board of Directors.

Stora Enso complies with the Finnish Corporate Governance Code issued by the Securities Market Association as in force at each time and has since 1 January 2016 complied with the Finnish Corporate Governance Code of 2015. The Code is available at [cgfinland.fi](http://cgfinland.fi). Stora Enso's Corporate Governance also complies with the Swedish Corporate Governance Code, the last revised version of which entered into force on 1 November 2015 with the exception of the deviations listed in Appendix 1 of Stora Enso's Corporate Governance Report 2015. The deviations are due to differences between the Swedish and Finnish legislation, governance code rules and practices, and in these cases Stora Enso follows the practice in its domicile.

## Governance Bodies



### Insider guidelines

<sup>1</sup> The name of the committee was Global Responsibility and Ethics Committee until 14 December 2015.

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## General governance issues

The Board and the Chief Executive Officer (CEO) are responsible for the management of the company. Other governance bodies have an assisting and supporting role.

## Objectives and composition of governance bodies

The shareholders exercise their ownership rights through the shareholders' meetings. The decision-making bodies with responsibility for managing the company are the Board and the CEO. The Group Leadership Team (GLT) supports the CEO in managing the company.

Day-to-day operational responsibility rests with the GLT members and their operation teams supported by various staff and service functions.

## Shareholders' meetings

The Annual General Meeting of shareholders (AGM) is held annually to present detailed information about the company's performance and to deal with matters such as adopting the annual accounts, setting the dividend (or distribution of funds) and its payment, and appointing members of the Board of Directors and the Auditor. Shareholders may exercise their voting rights and take part in the decision-making process of Stora Enso by attending shareholders' meetings. Shareholders also have the right to ask questions of the Company's management and Board of Directors at shareholders' meetings. Major decisions are taken by the shareholders at Annual or Extraordinary General Meetings.

## Shareholders' Nomination Board appointed by the shareholders

Shareholders at the AGM appoint a Shareholders' Nomination Board to prepare proposals concerning:

- the number of members of the Board;
- the members of the Board;
- the remuneration for the Chairman, Vice Chairman and members of the Board;
- the remuneration for the Chairman and members of the committees of the Board.

## Board of Directors

Stora Enso is managed by the Board according to International Corporate Governance Principles. The Board comprises six to eleven ordinary members appointed by the shareholders at the AGM for a one-year term. It is the policy of the company that the majority of the directors shall be independent of the company. All directors are required to deal at arm's length with the company and its subsidiaries and to disclose circumstances that might be perceived as a conflict of interest.

The shareholders at the AGM decide the remuneration of the Board members (including the remuneration of the members of the Board committees). The Board supervises the operation and management of Stora Enso and decides on significant matters relating to strategy, investments, organisation and finance. The Board is responsible for overseeing management and for the proper organisation of the company's operations. It is likewise responsible for overseeing the proper supervision of accounting and control of financial matters.

The Board elects a Chairman and a Vice Chairman from among the Board members and appoints the CEO, Chief Financial Officer (CFO) and other GLT members. The Board approves the main organisational structure of the company. The Board reviews and

## CORPORATE GOVERNANCE

determines the remuneration of the CEO, which is described in the Annual Report and the Company's website. The Board evaluates its performance annually. The Board also reviews the corporate governance policy annually and amends it when required.

The Board's work is supported through its committees – the Financial and Audit Committee, the Remuneration Committee and the Sustainability and Ethics Committee. Each committee's chairman and members are appointed by the Board annually.

### Board committees

The tasks and responsibilities of the Board committees are defined in their charters, which are approved by the Board. All the committees evaluate their performance annually, are allowed to use external consultants and experts when necessary and shall have access to all information needed. Each committee's chairman and members are appointed by the Board annually.

#### Financial and Audit Committee

The Financial and Audit Committee supports the Board in maintaining the integrity of the company's financial reporting and the Board's control functions. It regularly reviews the system of internal control, management and reporting of financial risks, the audit process and the annual corporate governance statement. It makes recommendations regarding the appointment of external auditor for the parent company and the main subsidiaries.

#### Remuneration Committee

The Remuneration Committee is responsible for recommending, evaluating and approving executive nominations and remunerations (including reviewing and recommending the CEO's remuneration), evaluating the performance of the CEO, and making recommendations to the Board relating to management remuneration issues generally, including equity incentive remuneration plans. There is a Remuneration Committee representative present at the AGM to answer questions relating to the management remuneration. The Board appoints the CEO and approves his/her remuneration.

#### Sustainability and Ethics Committee

The Sustainability and Ethics Committee is responsible for overseeing the company's sustainability and ethical business conduct, its strive to be a responsible corporate citizen, and its contribution to sustainable development. The Committee regularly reviews Stora Enso's Sustainability Strategy and Ethics and Compliance Strategy and, in accordance with Stora Enso's corporate governance structure, oversees their effective implementation. In its work the Committee takes into consideration Stora Enso's Purpose and Values as well as Code of Conduct and Business Practice Policy.

### Management of the Company

#### Chief Executive Officer (CEO)

The CEO is in charge of the day-to-day management of the company in accordance with instructions and orders issued by the Board. It is the duty of the CEO to ensure that the company's accounting principles comply with the law and that financial matters are handled in a reliable manner.



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## CORPORATE GOVERNANCE

The Board approves the main organisation, including the functions reporting to the CEO. At the end of 2015 the CEO was directly in charge of the following functions, which also reported to him:

- Divisions (Consumer Board, Packaging Solutions, Biomaterials, Wood Products, and Paper). The Operating Segments reporting to the CEO comprised Consumer Board, Packaging Solutions, Biomaterials, Wood Products, Paper, and Other.
- CFO (responsible for Accounting, Controlling, Corporate Finance and M&A, Enterprise Risk Management, Internal Audit, Investor Relations, Tax, Treasury)
- IT
- HR
- Legal
- Communications
- Sustainability
- Sourcing
- Technology (responsible for coordinating Stora Enso's R&D and innovation agendas, managing the group's investment processes, and leading Energy Services)
- CEO Office (responsible for Wood Supply Finland and Russia, Wood Supply Sweden, Logistics, and special strategic projects)

The CEO is also responsible for preparatory work with regard to Board meetings. In addition, the CEO supervises decisions regarding key personnel and other important operational matters. One of the Group Leadership Team members acts as deputy to the CEO as defined in the Finnish Companies Act.

### Group Leadership Team (GLT)

The GLT is chaired by the CEO. The GLT members are appointed by the CEO and approved by the Board. At the year-end 2015, the thirteen GLT members were the CEO, the CFO, and the heads of the divisions, HR, Legal (who is also General Counsel), Communications, Sustainability, Sourcing, and CTO.

The GLT assists the CEO in supervising the group and divisional performance against agreed targets, portfolio strategy, ensuring the availability and value-creating allocation of group funds and capital, and statutory, governance, compliance and listing issues and policies.

### Divisions and other functions

The divisions are responsible for their respective line of business and are organized and resourced to deal with all business issues. The CEO steers the divisions through quarterly and as needed Business Performance Reviews as well as the GLT meetings.

The investment planning is carried out by the divisions and, if certain monetary thresholds are exceeded, reviewed by the Investment Working Group comprising representatives from the group and division and headed by the CTO. The CEO is responsible for the investment allocations and decisions, as well as proposals to the Board of Directors.

Innovation is organised and driven within the divisions to drive market and customer focus. The progress of innovation efforts are evaluated in quarterly Business and Innovation Reviews with the CEO, CFO, CTO, the division Head and the division Innovation Head.

## CORPORATE GOVERNANCE

The GLT is responsible for all policy issues relating to sustainability. Everyday sustainability issues are handled by the Sustainability function together with the Legal function, HR function, Sourcing function and the divisions, which are responsible for the operational management of sustainability issues. The overall direction for sustainability is developed by the Stora Enso Sustainability Performance Network (SPN), whose members come from the divisions and other key functions. The work of the SPN is incorporated into recommendations to the CEO, GLT and when appropriate also to the Board of Directors' via its Sustainability and Ethics Committee.

The company has user boards for certain cross-functional service functions (Logistics, IT, Energy and parts of Wood Supply). These user boards consist of representatives of the divisions using these services. The user boards supervise and steer the operations of the respective functions.

The company has established proper disclosure policies and controls, and process for quarterly and other ongoing reporting.

### Other supervisory bodies and norms

#### Auditor

The AGM annually elects one auditor for Stora Enso. The Financial and Audit Committee monitors the auditor selection process and gives its recommendation as to who should serve as auditor to the Board and to the shareholders at the AGM. The auditor shall be an authorised public accounting firm, which appoints the responsible auditor.

#### Internal Audit

Stora Enso has a separate internal auditing organisation. The role of Internal Audit is to provide independent, objective assurance and consulting services that add value and improve the Group's operations. Internal Audit helps the group to accomplish its objectives by providing a systematic, disciplined approach to evaluate and improve the effectiveness of internal control, risk management and governance processes.

To ensure the independence of the Internal Audit department, its personnel report to the head of Internal Audit, who reports functionally to the Financial and Audit Committee, and administratively to the CFO. The head of Internal Audit is appointed by the CEO. The CEO shall seek approval of the appointment from the Financial and Audit Committee.

Internal Audit conducts regular audits at mills, subsidiaries and other Company units, implementing an annual audit plan approved by the Financial and Audit Committee, including any special tasks or projects requested by management and the Financial and Audit Committee.

#### Ethics and Compliance Board

Stora Enso's Ethics and Compliance Board supervises and monitors legal and regulatory compliance-related policies, implementation and maintenance of processes and tools regarding the same, and concrete compliance issues and cases in the field of business practices. The Ethics and Compliance Board consists of the General Counsel (chairman), CEO, CFO, Head of HR, Head of Internal Audit and the Legal Counsel dedicated to compliance matters.

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## CORPORATE GOVERNANCE

### Insider guidelines

The company complies with the insider guidelines of Nasdaq Helsinki Oy. The company's internal insider guidelines are published and distributed throughout the group. The company expects the management and all its employees to act in the way required of an insider. All unpublished information relating to the company's present and future business operations shall be kept strictly confidential.

### Internal control and risk management related to financial reporting

The system of internal control related to financial reporting in the Stora Enso Group is based upon the framework issued by the Committee of Sponsoring Organisations (COSO) and comprises five principal components of internal control: the control environment, risk assessment, control activities, information and communication, and monitoring. The internal controls related to financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies.

### Remuneration principles

Stora Enso aims to provide a level of remuneration that motivates, encourages, attracts and retains employees of the highest calibre. To maximise the effectiveness of the remuneration policy, careful consideration will be given to aligning the remuneration package with shareholder interests and best market practice.

A fundamental element in the remuneration principles is the concept of pay-for-performance, and an important aspect of Stora Enso's approach to remuneration is to look at the total remuneration provided to employees.

Stora Enso's total remuneration mix consists of:

- Annual fixed salary
- Variable pay components as short-term incentives (cash) and long-term incentives (shares when applicable)
- Long-term employee benefits (pension, medical and health benefits)
- Other benefits (car, housing, etc. when applicable)

The GLT annually reviews the performance and potential ratings, as well as the succession planning of its top management in order to secure global principles with local applications.



Stora Enso's full remuneration policy is presented at [storaenso.com/investors/governance/remuneration](http://storaenso.com/investors/governance/remuneration)



More information about remuneration is available in the Financial Report 2015, Note 7.



Stora Enso's full Corporate Governance Report 2015 and the group's Corporate Governance Policy are available at [storaenso.com/investors/governance](http://storaenso.com/investors/governance)

## BOARD OF DIRECTORS

# Board of Directors



### Gunnar Brock

- Chairman of Stora Enso's Board of Directors since March 2010, member since March 2005. Independent of the company and the significant shareholders.<sup>1</sup>
- Born 1950. M.Sc. (Econ.).
- Owns 68 908 R shares in Stora Enso.



### Juha Rantanen

- Vice Chairman of Stora Enso's Board of Directors since March 2010, member since March 2008. Independent of the company and the significant shareholders.
- Born 1952. M.Sc. (Econ.).
- Owns 9 918 R shares in Stora Enso.



### Anne Brunila

- Member of Stora Enso's Board of Directors since April 2013. Independent of the company and the significant shareholders.
- Born 1957. D.Sc. (Econ.).
- Owns 12 165 R shares in Stora Enso.



### Elisabeth Fleuriot

- Member of Stora Enso's Board of Directors since April 2013. Independent of the company and the significant shareholders.
- Born 1956. M.Sc. (Econ.).
- Owns 12 165 R shares in Stora Enso.



## BOARD OF DIRECTORS



### Hock Goh

- Member of Stora Enso's Board of Directors since April 2012. Independent of the company and the significant shareholders.
- Born 1955. B. Eng (Hons) in Mechanical Engineering.
- Owns 17 948 R shares in Stora Enso.



### Mikael Mäkinen

- Member of Stora Enso's Board of Directors since March 2010. Independent of the company and the significant shareholders.
- Born 1956. M.Sc. (Eng.).
- Owns 24 841 R shares in Stora Enso.



### Richard Nilsson

- Member of Stora Enso's Board of Directors since April 2014. Independent of the company but not of its significant shareholders due to his employment at FAM AB.
- Born 1970. B.Sc. (BA and Econ.).
- Owns 10 298 R shares in Stora Enso.



### Hans Stråberg

- Member of Stora Enso's Board of Directors since April 2009. Independent of the company and the significant shareholders.
- Born 1957. M.Sc. (Eng.).
- Owns 27 726 R shares in Stora Enso.

<sup>1</sup> The Board has evaluated the independence of Gunnar Brock taking into account that he has served on the Board since 2005 for a period exceeding 10 years, and has based on its overall evaluation of independence concluded Brock to be independent of the company.

**Birgitta Kantola**, member of Stora Enso's Board of Directors since March 2005 until her resignation on 22 April 2015. She was independent of the company and the significant shareholders.

The independence is evaluated in accordance with Recommendation 10 of the Finnish Corporate Governance Code of 2015. The full recommendation can be found at [cgfinland.fi](http://cgfinland.fi). A significant shareholder according to the recommendation is a shareholder that holds at least 10% of all company shares or the votes carried by all the shares or a shareholder that has the right or the obligation to purchase the corresponding number of already issued shares.

For more detailed information about the Board of Directors, see [storaenso.com/investors/governance/board-of-directors](http://storaenso.com/investors/governance/board-of-directors)

## GROUP LEADERSHIP TEAM

# Group Leadership Team



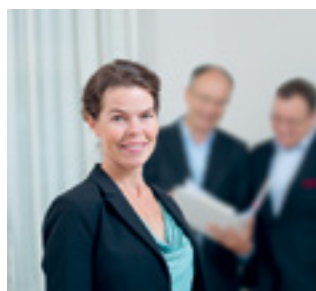
**Karl-Henrik Sundström**



**Seppo Parvi**



**Juan Carlos Bueno**



**Johanna Hagelberg**



**Kati ter Horst**



**Lars Häggström**



**Jari Latvanen**



**Ulrika Lilja**



**Per Lyrvall**



**Markus Mannström**



**Noel Morrin**



**Gilles van Nieuwenhuyzen**



**Jari Suominen**

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## GROUP LEADERSHIP TEAM

### Karl-Henrik Sundström

#### Chief Executive Officer (CEO)

- Born 1960. B.Sc. (Business Studies). Joined the company in 2012.
- Owns 41 799 R shares in Stora Enso directly and 41 700 R shares through Alma Patria AB (related party).

### Seppo Parvi

#### Chief Financial Officer (CFO), Deputy to the CEO, Country Manager Finland

- Born 1964. M.Sc. (Econ.). Joined the company in 2014.
- Owns 5 440 R shares in Stora Enso.

### Juan Carlos Bueno

#### Executive Vice President, Division Biomaterials

- Born 1968. M.Sc. (Industrial Eng.). Joined the company in 2011.
- Does not own any Stora Enso shares.

### Johanna Hagelberg

#### Executive Vice President, Sourcing

- Born 1972. M.Sc. (Industrial Eng. & Mgmt) and M.Sc. (Eng. and Mgmt of Manufacturing Systems). Joined the company in 2013.
- Owns 1 220 R shares in Stora Enso.

### Kati ter Horst

#### Executive Vice President, Division Paper

- Born 1968. MBA (International Business), M. Sc. (Marketing). Joined the company in 1996.
- Owns 9 578 R shares in Stora Enso.

### Lars Häggström

#### Executive Vice President, Human Resources

- Born 1968. B.Sc. (HR Development and Labour Relations). Joined the company in 2010.
- Owns 19 474 R shares in Stora Enso.

### Jari Latvanen

#### Executive Vice President, Division Consumer Board

- Born 1964. MBA, BBA. Joined the company in January 2015.
- Does not own any Stora Enso shares.

### Ulrika Lilja

#### Executive Vice President, Communications

- Born 1975. M.Sc. (BA and Econ.). Joined the company in 2014.
- Owns 13 355 R shares in Stora Enso.

### Per Lyrvall

#### Executive Vice President, Legal, General Counsel, Country Manager Sweden

- Born 1959. LL.M. Joined the company in 1994.
- Owns 33 708 R shares in Stora Enso directly and 1 257 R shares through related persons (spouse).

### Markus Mannström

#### Chief Technology Officer

- Born 1963. M.Sc. (Paper Tech.). Joined the company in 2001.
- Owns 18 860 R shares in Stora Enso.

### Noel Morrin

#### Executive Vice President, Sustainability

- Born 1958. B.Sc. (Chemistry and Biology). Joined the company in April 2015.
- Owns 5 970 R shares in Stora Enso.

### Gilles van Nieuwenhuyzen

#### Executive Vice President, Division Packaging Solutions

- Born 1959. M.Sc. (Applied Physics), MBA (INSEAD). Joined the company in March 2015.
- Does not own any Stora Enso shares.

### Jari Suominen

#### Executive Vice President, Division Wood Products

- Born 1969. M.Sc. (BA). Joined the company in 1995.
- Owns 15 540 R shares in Stora Enso.

**Juha Vanhainen**, Executive Vice President, Energy, Logistics, Wood Supply Operations in Finland and Sweden was a member of the Group Leadership Team until 15 March 2015.  
**Terhi Koipijärvi**, Executive Vice President (acting), Global Responsibility was a member of the Group Leadership Team until 31 March 2015.

For more detailed information about the Group Leadership Team, see [storaenso.com/investors/governance/group-leadership-team](http://storaenso.com/investors/governance/group-leadership-team)

## KEY FINANCIALS

# Key financials

The financial statements as a whole are included in the Financial Report 2015, available at [storaenso.com/annualreport](http://storaenso.com/annualreport). The following statements are extractions from the Financial Report.

## CONSOLIDATED INCOME STATEMENT

EUR million	Year Ended 31 December	
	2015	2014
<b>Sales</b>	<b>10 040</b>	<b>10 213</b>
Other operating income	128	168
Changes in inventories of finished goods and work in progress	18	3
Change in net value of biological assets	-89	-114
Materials and services	-6 008	-6 244
Freight and sales commissions	-970	-939
Personnel expenses	-1 313	-1 383
Other operating expenses	-503	-625
Share of results of equity accounted investments	519	87
Depreciation, amortisation and impairment charges	-763	-766
<b>Operating Profit</b>	<b>1 059</b>	<b>400</b>
Financial income	25	79
Financial expense	-270	-359
<b>Profit before Tax</b>	<b>814</b>	<b>120</b>
Income tax	-31	-30
<b>Net Profit for the Year</b>	<b>783</b>	<b>90</b>
<b>Attributable to:</b>		
Owners of the Parent	807	99
Non-controlling Interests	-24	-9
<b>Net Profit for the Year</b>	<b>783</b>	<b>90</b>
<b>Earnings per Share</b>		
Basic and diluted earnings per share, EUR	1.02	0.13

This financial information has been extracted from the financial statements included in a separate document, Financial Report 2015.

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## KEY FINANCIALS

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Year Ended 31 December	
	2015	2014
Net profit for the year	783	90
<b>Other Comprehensive Income (OCI)</b>		
<b>Items that will Not be Reclassified to Profit and Loss</b>		
Actuarial losses/gains on defined benefit plans	77	-100
Income tax relating to items that will not be reclassified	-36	17
	41	-83
<b>Items that may be Reclassified Subsequently to Profit and Loss</b>		
Share of OCI of equity accounted investments that may be reclassified	5	-17
Currency translation movements on equity net investments (CTA)	28	63
Currency translation movements on non-controlling interests	6	14
Net investment hedges	-33	8
Cash flow hedges	60	-74
Non controlling interests' share of cash flow hedges	1	-1
Available-for-sale investments	-327	96
Income tax relating to items that may be reclassified	-8	8
	-268	97
<b>Total Comprehensive Income</b>	<b>556</b>	<b>104</b>
<b>Attributable to:</b>		
Owners of the Parent	573	100
Non-controlling interests	-17	4
<b>Total Comprehensive Income</b>	<b>556</b>	<b>104</b>

This financial information has been extracted from the financial statements included in a separate document, Financial Report 2015.



## KEY FINANCIALS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
EUR million		2015	2014
<b>Assets</b>			
Goodwill	O	248	242
Other intangible assets	O	156	157
Property, plant and equipment	O	5 627	5 419
		<b>6 031</b>	<b>5 818</b>
Biological assets	O	640	643
Emission rights	O	20	27
Equity accounted investments	O	1 570	1 056
Available-for-sale investments: listed securities	I	28	30
Available-for-sale investments: operative	O	131	444
Non-current loan receivables	I	68	70
Deferred tax assets	T	246	259
Other non-current assets	O	63	85
<b>Non-current Assets</b>		<b>8 797</b>	<b>8 432</b>
Inventories	O	1 373	1 403
Tax receivables	T	6	8
Operative receivables	O	1 324	1 484
Interest-bearing receivables	I	53	74
Cash and cash equivalents	I	808	1 446
<b>Current Assets</b>		<b>3 564</b>	<b>4 415</b>
<b>Total Assets</b>		<b>12 361</b>	<b>12 847</b>
<b>Equity and Liabilities</b>			
Share capital		1 342	1 342
Share premium		77	77
Treasury shares		-	-
Fair value reserve		-12	265
Cumulative translation adjustment		-147	-149
Invested non-restricted equity fund		633	633
Retained earnings		2 688	2 803
Net profit for the year		807	99
<b>Equity Attributable to Owners of the Parent</b>		<b>5 388</b>	<b>5 070</b>
Non-controlling Interests		125	167
<b>Total Equity</b>		<b>5 513</b>	<b>5 237</b>
Post-employment benefit provisions	O	378	483
Other provisions	O	112	159
Deferred tax liabilities	T	252	264
Non-current debt	I	3 342	3 530
Other operative liabilities	O	49	47
<b>Non-current Liabilities</b>		<b>4 133</b>	<b>4 483</b>
Current portion of non-current debt	I	228	611
Interest-bearing liabilities	I	626	751
Bank overdrafts	I	1	2
Other provisions	O	48	82
Other operative liabilities	O	1 765	1 631
Tax liabilities	T	47	50
<b>Current Liabilities</b>		<b>2 715</b>	<b>3 127</b>
<b>Total Liabilities</b>		<b>6 848</b>	<b>7 610</b>
<b>Total Equity and Liabilities</b>		<b>12 361</b>	<b>12 847</b>

Items designated "O" comprise Operating Capital, items designated "I" comprise Interest-bearing Net Liabilities, items designated "T" comprise Net Tax Liabilities. This financial information has been extracted from the financial statements included in a separate document, Financial Report 2015.

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## KEY FINANCIALS

### CONSOLIDATED CASH FLOW STATEMENT

EUR million	Year Ended 31 December	
	2015	2014
<b>Cash Flow from Operating Activities</b>		
Net profit for the year	783	90
Result from the Statement of Other Comprehensive Income	-11	-
Adjustments and reversal of non-cash items:		
Taxes	31	30
Depreciation and impairment charges	763	766
Change in value of biological assets	89	114
Change in fair value of share awards and TRS	6	10
Share of results of equity accounted investments	-519	-87
Profits and losses on sale of fixed assets and investments	1	-16
Net financial items	245	280
Other adjustments	-16	-11
Dividends received from equity accounted investments	32	19
Interest received	18	22
Interest paid	-191	-200
Other financial items, net	-78	-34
Income taxes paid	-78	-39
Change in net working capital, net of businesses acquired or sold	141	-56
<b>Net Cash Provided by Operating Activities</b>	<b>1 216</b>	<b>888</b>
<b>Cash Flow from Investing Activities</b>		
Acquisition of subsidiary shares and business operations, net of acquired cash	-	-16
Acquisition of shares in equity accounted investments	-1	-97
Acquisition of available-for-sale investments	-14	-9
Capital expenditure	-879	-719
Investment in biological assets	-77	-68
Proceeds from disposal of subsidiary shares and business operations, net of disposed cash	-10	72
Proceeds from disposal of shares in equity accounted investments	-	61
Proceeds from disposal of intangible assets and property, plant and equipment	27	14
Proceeds from non-current receivables, net	5	16
<b>Net Cash Used in Investing Activities</b>	<b>-949</b>	<b>-746</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from issue of new long-term debt	435	166
Repayment of long-term debt	-1 181	-922
Change in short-term borrowings	46	17
Dividends paid	-237	-237
Sale of interest in subsidiaries to non-controlling interests	-	7
Equity injections from, less dividends to, non-controlling interests	10	94
Purchase of own shares	-6	-4
<b>Net Cash Used in Financing Activities</b>	<b>-933</b>	<b>-879</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>-666</b>	<b>-737</b>
Translation adjustment	29	120
Net Cash and cash equivalents at beginning of year	1 444	2 061
<b>Net Cash and Cash Equivalents at Year End</b>	<b>807</b>	<b>1 444</b>
<b>Cash and Cash Equivalents at Year End</b>	<b>808</b>	<b>1 446</b>
<b>Bank Overdrafts at Year End</b>	<b>-1</b>	<b>-2</b>
<b>Net Cash and Cash Equivalents at Year End</b>	<b>807</b>	<b>1 444</b>

This financial information has been extracted from the financial statements included in a separate document, Financial Report 2015.

## AUDITOR'S REPORT

# Auditor's report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

## To the Annual General Meeting of Stora Enso Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Stora Enso Oyj for the year ended 31 December, 2015. The financial statements comprise the consolidated income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's income statement, balance sheet, cash flow statement and notes to the financial statements.

### Responsibility of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Chief Executive Officer shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Chief Executive Officer are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

### Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

### Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Chief Executive Officer should be discharged from liability for the financial period audited by us.

Helsinki, 4 February 2016

**Deloitte & Touche Oy**

Authorized Public Audit Firm

**Jukka Vattulainen**

Authorized Public Accountant

## INFORMATION FOR SHAREHOLDERS

# Information for shareholders



## Annual General Meeting (AGM)

Stora Enso Oyj's AGM will be held at 16.00 (Finnish time) on Thursday 28 April 2016 at the Marina Congress Center, Katajanokanlaituri 6, Helsinki, Finland.

Nominee-registered shareholders wishing to attend and vote at the AGM must be temporarily registered in the company's register of shareholders on the record date, 18 April 2016. Instructions for submitting notice of attendance will be given in the invitation to the AGM, which can be consulted on the company's website at [storaenso.com/agm](http://storaenso.com/agm).



## Dividend

The Board of Directors proposes to the AGM that a dividend of EUR 0.33 per share be paid to the shareholders for the fiscal year ending 31 December 2015. The dividend payable on shares registered with Euroclear Sweden will be forwarded by Euroclear Sweden AB and paid in Swedish crown. The dividend payable to ADR holders will be forwarded by Citibank, N.A. (Citi) and paid in US dollars.



## Distribution of financial information

Stora Enso's **Annual Report 2015** consists of four reports: the Progress Book, the Financial Report, the Sustainability Report, and the Corporate Governance Report.

Progress Book 2015 is published in English, Finnish, and Swedish, and distributed to shareholders registered with Euroclear Finland and Euroclear Sweden who have requested a copy. Progress Book 2015 is downloadable as a PDF file from the company's website.

Financial Report 2015 is published in English and is downloadable as a PDF file from the company's website. The official financial statements (in Finnish), an English translation of the Parent Company financial statements, and the list of principal subsidiaries can be found on the company's website.

## AGM and dividend in 2016

18 APR.	Record date for AGM
28 APR.	Annual General Meeting (AGM)
29 APR.	Ex-dividend date
2 MAY	Record date for dividend
10 MAY	Dividend payment

## Publication dates for 2016

4 FEB.	Financial results for 2015
WEEK 7	Annual Report 2015
28 APR.	Interim Report for January–March
21 JULY	Interim Report for January–June
25 OCT.	Interim Report for January–September

## INFORMATION FOR SHAREHOLDERS

Sustainability Report 2015 is published in English and is downloadable as a PDF file from the company's website.

Corporate Governance Report 2015 is published in English and is downloadable as a PDF file from the company's website. A Finnish translation of the report can be found on the company's website.

**Interim Reports** are published in English, Finnish and Swedish on the company's website, from where they can be downloaded as PDF files.

### Mailing lists for financial information

- Finnish and Swedish shareholders: Changes of address are updated automatically based on the population registers in Finland and Sweden. Please request addition to or removal from mailing lists by e-mail [group.communications@storaenso.com](mailto:group.communications@storaenso.com), by mail Stora Enso Oyj, Communications, P.O. Box 309, FI-00101 Helsinki or by tel. +358 2046 131.
- Registered ADR holders should contact Citi. Beneficial owners of Stora Enso ADRs should contact their broker.
- Other stakeholders: see details for Finnish and Swedish shareholders.

### Information for holders of American Depositary Receipts (ADRs)

The Stora Enso dividend reinvestment and direct purchase plan is administered by Citibank, N.A. The plan makes it easier for existing ADR holders and first-time purchasers of Stora Enso ADRs to increase their investment by reinvesting cash distributions or by making additional cash investments. The plan is intended for US residents only. Further information on the Stora Enso ADR programme is available at [citi.com/DR](http://citi.com/DR).

### Contact information for Stora Enso ADR holders

Citibank Shareholder Services  
Computershare  
P.O. Box 43077  
Providence, Rhode Island 02940-3077  
Email: [citibank@shareholders-online.com](mailto:citibank@shareholders-online.com)  
Toll-free number: (877)-CITI-ADR  
Direct dial: (781) 575-4555

### Contacts

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<a href="#">This is Stora Enso</a>	<a href="#">Megatrends</a>	<a href="#">People and leadership</a>	<a href="#">Board of Directors</a>
<a href="#">Stora Enso worldwide</a>	<a href="#">Strategy</a>	<a href="#">Stora Enso as a taxpayer</a>	<a href="#">Group Leadership Team</a>
<a href="#">How we create value</a>	<a href="#">Innovation</a>	<a href="#">Risk management</a>	<a href="#">Key financials</a>
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## Why to invest in Stora Enso

Stora Enso is the leading provider of renewable solutions in packaging, biomaterials, wooden constructions and paper on global markets. Stora Enso is transforming from a traditional paper and board producer to a global renewable materials growth company.

**KEY COMPETITIVE DIFFERENTIATORS ARE:**

- From asset transformation to sales transformation – customer focus
- More innovative use of raw material and new innovations
- Investments in growth markets and businesses: packaging, biomaterials and wood products
- Cash generating paper business
- Sustainability as integrated part of the business

Concept, design and illustrations: Milton Oy  
Photography: Lasse Arvidson, Petri Artturi Asikainen, Markus Bullik, Franck Media / Pentti Pällijeff, Carlos Franco, Malcolm Fraser Architects / Angus Bremner, Tom Grill, Seppo Kaksonen, Kaapo Kamu, Suvi-Tuuli Kankaanpää, Katri Kapanen, Krista Keltanen, Tuukka Koski, Aleksi Koskinen, Jakub Křiško, Carita Kurvi, Veikko Kähkönen, Vesa Laitinen, Maria Mattelmäki, Felix Odell, Niklas Palmklint, Serny Pernebjerg, Jukka Rapo, Martin Sommerschild, Mikael Strinnhed, Christian Stummer, Riitta Supperi, Stefan Tell, Adobe Stock, Fotolia, Getty Images, Scala photography, Shutterstock, stakeholders' own images, and Stora Enso's image bank.

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.

# Progress Book

Part of Stora Enso's  
Annual Report 2015

<a href="#">This is Stora Enso</a>	<a href="#">Megatrends</a>	<a href="#">People and leadership</a>	<a href="#">Board of Directors</a>
<a href="#">Stora Enso worldwide</a>	<a href="#">Strategy</a>	<a href="#">Stora Enso as a taxpayer</a>	<a href="#">Group Leadership Team</a>
<a href="#">How we create value</a>	<a href="#">Innovation</a>	<a href="#">Risk management</a>	<a href="#">Key financials</a>
<a href="#">CEO's overview</a>	<a href="#">Divisions</a>	<a href="#">Corporate Governance</a>	<a href="#">Auditor's report</a>
			<a href="#">Information for shareholders</a>

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