

Corporate Governance Report

Part of Stora Enso's Annual Report 2017



Everything made with fossil-based materials today can be made from a tree tomorrow.

Part of the bioeconomy, Stora Enso is a leading provider of renewable solutions in packaging, biomaterials, wooden constructions, and paper globally. Our materials are renewable, reusable, and recyclable, and form the building blocks for a range of innovative solutions that can help replace products based on fossil fuels and other non-renewable materials. We employ some 26 000 people and our shares are listed on the Helsinki (STEAV, STERV) and Stockholm (STE A, STE R) stock exchanges.

Stora Enso's Annual Report 2017 consists of four reports: Progress Book, Sustainability Report, Financial Report, and Corporate Governance Report.



The Progress Book explains Stora Enso's strategy, how we create value, and how our work is progressing.



The Sustainability Report covers Stora Enso's social, environmental, and economic sustainability performance.



The Financial Report consists of the report of the Board of Directors and the financial statements, Stora Enso in capital markets, and our tax footprint.



The Corporate Governance Report covers Stora Enso's governance policy, practices, and actions as well as remuneration in 2017.



You can find the highlights of the year and the online Financial Report at storaenso.com/annualreport, where all reports can be downloaded.

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Corporate Governance in Stora Enso 2017

The duties of the various bodies within Stora Enso Oyj ("Stora Enso" or the "Company") 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 Nasdaq Helsinki Oy and Nasdaq Stockholm AB stock exchanges are also followed, where applicable. The corporate governance policy is approved by the Board of Directors ("Board").

Stora Enso complies with the Finnish Corporate Governance Code issued by the Securities Market Association (the "Code"). The Code is available at cgfinland.fi. Stora Enso also complies with the Swedish Corporate Governance Code ("Swedish Code"), with the exception of the deviations listed in Appendix 1 of this Corporate Governance Report. 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. The Swedish Code is issued by the Swedish Corporate Governance Board and is available at corporategovernanceboard.se.

This Corporate Governance Report is available as a PDF document at storaenso.com/investors/governance.

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.

The Stora Enso group prepares Consolidated financial statements and Interim Reports conforming to International Financial Reporting Standards (IFRS), and publishes Annual Reports as well as Interim Reports in Finnish, Swedish and English language. Stora Enso Oyj prepares its financial statements in accordance with the Finnish Accounting Act.

The Company's head office is in Helsinki, Finland. It also has head office functions in Stockholm, Sweden.

Stora Enso has one statutory auditor elected by the shareholders at the Annual General Meeting (AGM).

To the maximum extent possible, corporate actions and corporate records are taken and recorded in English.

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 the Chairman, Vice Chairman and the members of the Board of Directors as well as the Auditor.

Governance bodies

Shareholders' meeting

Shareholders' Nomination Board

Board of Directors

Financial and Audit Committee – Remuneration Committee – Sustainability and Ethics Committee

CEO

Ethics and Compliance Management Committee – Group Leadership Team (GLT)

Auditing

Internal Audit _____ | _____ External Audit

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. At a shareholders' meeting, each A share and each ten R shares carry one vote.

The Board of Directors convenes a shareholders' meeting by publishing a notice to the meeting at the Company's website not more than three (3) months before the last day for advance notice of attendance mentioned in the notice to the meeting and not less than three weeks before the date of the meeting. In addition, the Company publishes details on the date and location of the meeting, together with the address of the Company's website, in at least two Finnish and two Swedish newspapers. Other regulatory notices to the shareholders are delivered in the same way.

The Annual General Meeting is held by the end of June in Helsinki, Finland. The Finnish Companies Act and Stora Enso's Articles of Association specify in detail that the following matters have to be dealt with at the AGM:

- presentation and adoption of the annual accounts
- presentation of the report of the Board of Directors and the Auditor's report
- use of the result and distribution of funds to the shareholders
- resolution concerning discharge of the members of the Board and the Chief Executive Officer from liability
- decision on the number and the remuneration of the members of the Board and the Auditor
- election of the Chairman, Vice Chairman and other members of the Board and the Auditor
- any other matters notified separately in the notice to the meeting.

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In addition, the AGM shall take decisions on matters proposed by the Board of Directors. A shareholder may also propose items for inclusion in the agenda provided that they are within the authority of the shareholders' meeting and the Board of Directors was asked to include the items in the agenda at least four weeks before the publication of the notice to the meeting.

An Extraordinary General Meeting of Shareholders is convened when considered necessary by the Board of Directors or when requested in writing by the Auditor or shareholders together holding a minimum of one tenth of all the shares to discuss a specified matter which they have indicated.

In 2017

Stora Enso's AGM was held on 27 April 2017 in Helsinki, Finland. Of all issued and outstanding shares in the Company a total of 58.7% of all shares (57.7% in 2016) and a total of 80.7% of all votes (80.3%) were represented at the meeting, with 91.6% of all A shares (91.6%) and 49.2% of all R shares (47.9%) represented. All Board and most GLT members as well as the Company's Auditor were present at the meeting. No Extraordinary General Meetings of Shareholders were convened in 2017.

Shareholders' Nomination Board

The Stora Enso AGM in 2016 established a Shareholders' Nomination Board to exist until otherwise decided and to annually prepare proposals to the shareholders' meeting concerning:

- the number of members of the Board;
- the Chairman, Vice Chairman and other 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

In 2017

The Shareholders' Nomination Board in 2017 comprised four members: Jorma Eloranta (Chairman of the Board), Hans Stråberg (Vice Chairman of the Board) and two other members appointed by the two largest shareholders, namely Harri Sailas (Solidium Oy) and Marcus Wallenberg (FAM AB). Marcus Wallenberg was elected Chairman of the Shareholders' Nomination Board. Prior to the AGM 2017, Gunnar Brock Chairman of the Board, acted as member of the Shareholders' Nomination Board and Kari Järvinen as member appointed by Solidium Oy and also as the Chairman of the Shareholders' Nomination Board.

The main tasks of the Shareholders' Nomination Board were to prepare the proposals for the AGM 2018 concerning Board members and their remuneration. The Shareholders' Nomination Board during its working period 2017–2018 convened 5 times. Each member of the Shareholders' Nomination Board attended all the meetings.

In its proposal for the AGM 2018, the Shareholders' Nomination Board proposes that of the current members of the Board of Directors – Anne Brunila, Jorma Eloranta, Elisabeth Fleuriot, Hock Goh, Christiane Kuehne, Richard Nilsson, Göran Sandberg and Hans Stråberg be re-elected members of the Board of Directors until the end of the following AGM and that Antti Mäkinen be elected new member of the Board of Directors for the same term of office. It is proposed that Jorma Eloranta be elected Chairman of the Board and Hans Stråberg Vice Chairman of the Board. The Shareholders' Nomination Board also proposes that the remuneration of the Board be increased by approximately three (3) percent.

For the purpose of carrying out its tasks, the Shareholders' Nomination Board has received the results of the yearly evaluation of the Board of Directors as well as the assessment of each director's

The AGM has approved the Charter of the Shareholders' Nomination Board and shall approve any proposed amendments of the Charter, other than technical updates.

The Shareholder's Nomination Board according to its Charter comprises four members:

- the Chairman of the Board;
- the Vice Chairman of the Board;
- two members appointed annually by the two largest shareholders (one each) as of 31 August.

The Board through its Chairman shall ensure that the annual appointment of the members to the Shareholders' Nomination Board is carried out as set out in the Charter as decided by the AGM. The Board Chairman shall annually convene the first meeting of the Shareholders' Nomination Board, which shall elect its Chairman amongst its members that annually are appointed by the Company's two largest shareholders.

The Shareholders' Nomination Board shall serve until further notice, unless the AGM decides otherwise. Its members are elected annually and their term of office shall end when new members are elected to replace them.

Board of Directors (Board)

Stora Enso is managed by the Board according to International Corporate Governance Principles (based on OECD Principles of Corporate Governance of 2015).

According to the Company's Articles of Association, 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. In addition, at least two of the directors comprising this majority shall be independent of significant shareholders of the Company. A significant shareholder is a shareholder that holds at least 10% of all the Company's shares or the votes carried by all the shares or a shareholder that has the right or the obligation to purchase

independence of the Company and of significant shareholders.

The Board performance evaluation material has also included a report on Board member interviews by the Chairman of the Board of Directors. The Shareholders' Nomination Board has taken the results of the Board evaluation and the requirements relating to director independence into account in its work. The Shareholders' Nomination further considers the principles of the Board Diversity Policy in preparing its proposal. The Shareholders' Nomination Board has a charter that defines its tasks and responsibilities in more detail.

Remuneration

No remuneration is paid for members of the Shareholders' Nomination Board as decided by the AGM. The Shareholders' Nomination Board Charter is presented at storaenso.com/investors/governance.

Composition of the Shareholders' Nomination Board in 2017*

Jorma Eloranta ¹ , member	Hans Stråberg ¹ , member
Chairman of Stora Enso's Board of Directors	Vice Chairman of Stora Enso's Board of Directors
Marcus Wallenberg, Chairman	Harri Sailas, member
Chairman of Stora Enso's Shareholders' Nomination Board. Born 1956. B.Sc. (Foreign Service). Chairman of the Board of Directors of FAM AB.	Member of Stora Enso's Shareholders' Nomination Board. Born 1951. Econ. Chairman of the Board of Directors of Solidium Oy.

¹ Curriculum vitae of Jorma Eloranta and Hans Stråberg, see page 16.

* Gunnar Brock prior to the nomination of Hans Stråberg on 27 April 2017, and Kari Järvinen, also acting as Chairman, prior to the nomination of Harri Sailas on 22 August 2017.

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the corresponding number of already issued shares. The independence is evaluated yearly in accordance with recommendation 10 of the Finnish Corporate Governance Code of 2015.

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 has defined a working order, the principles of which are published in the Corporate Governance report and on the Company's website.

The AGM elects the Chairman and Vice Chairman of the Board. Should the Chairman or Vice Chairman of the Board of Directors resign or become otherwise unable to act as Chairman or Vice Chairman during their term of office, the Board may elect a new Chairman or Vice Chairman from among its members for the remaining term of office.

The Board 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 determines the remuneration of the CEO, which is described in the Annual Report and on the Company's website. The Board and each of its Committees evaluates its performance annually. The results of the Board's evaluation are reviewed by the Board and shall be communicated to the Shareholders' Nomination Board, which shall take the results of the Board evaluation into account in its work. 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.

The Board meets at least five times a year. The Board members meet regularly without management in connection with the Board meetings.

Board Diversity Policy

The Company has established a Board Diversity Policy setting out the principles concerning the diversity of the Board. The Shareholders' Nomination Board shall in connection with preparing its proposals for the nomination of directors to the AGM consider the principles of the Company's Board Diversity Policy.

Directors shall be nominated on the basis of their merits and with consideration of the benefits of diversity and the principles that the Company refers to as Diversity of Thought, including but not limited to criteria of diversity such as gender, age, nationality and individual differences both in professional and personal experiences. The merits of directors include knowledge of the operational environment of the Company, its markets and of the industry within which it operates, and may include elements such as financial, sustainability or other specific competency, geographical representation and business background as required in order to achieve the appropriate balance of diversity, skills, experience and expertise of the Board collectively. The foremost criteria for nominating director candidates shall be the candidates' skills and experiences, industrial knowledge as well as personal qualities and integrity. The composition of the Board as a whole shall reflect the requirements set by the Company operations and its development stage. The number of directors and the composition of the Board shall be such that they enable the Board to see to its duties efficiently. Both genders shall be represented on the Board and the aim of the Company shall be to strive towards a good and balanced gender distribution.

The Shareholders' Nomination Board has taken the principles of the policy into account in its work. The Shareholders' Nomination Board

finds that the proposed composition of the Board reflects diversity and a good variety of skills and experiences among the Board members following the principles set out in the Board Diversity Policy.

The Board has during 2017 been composed of nine members representing five different nationalities and a diverse range of experience from global companies and industrial sectors. All Board members have university degrees from different fields with a majority in the field of economics and finance in addition to which three members hold a doctorate degree. All members have vast experience from global companies either from earlier operative positions or through board memberships. A detailed description of the educational and professional backgrounds of the Board members can be found on pages 16–17.

The Board members represent a good knowledge of the operational environment of the Company as well as particular experience of amongst others sustainability, financial competence and the business environment relevant to the operations of the Company. The age of the Board members during 2017 varied from 46 years to 66 years and the Board was composed of three women and six men.

The Shareholders' Nomination Board has in 2017 considered its previous evaluation of competencies that may be further strengthened in the long term Board succession planning as well as the aim to take action to further strive towards a good and balanced gender distribution. In its proposal for the AGM 2018 the Shareholders' Nomination Board has proposed a Board composition that includes three women and six men in the age range of 47 years to 67 years and representing a total of five different nationalities. The proposed new Board member Antti Mäkinen is independent of the Company but not of its significant shareholders due to his position as CEO of Solidium, a significant shareholder of the Company.

The aim of the Shareholders' Nomination Board going forward is to continuously evaluate the long-term competencies that would benefit the Board work as well as ensure that a Diversity of Thought is maintained on the Board. The aim is further to maintain or strengthen a good and balanced gender distribution.

The Board Diversity Policy is presented at storaenso.com/investors/governance.

In 2017

The Board had nine members at the end of 2017, all of them independent of the Company. The Board members are also independent of significant shareholders of the Company with the exception of Richard Nilsson (investment Manager at FAM AB) and Göran Sandberg (position as executive director of majority shareholders of FAM AB).

The Board members nominated at the AGM in 2017 were Jorma Eloranta (Chairman), Hans Stråberg (Vice Chairman), Anne Brunila, Elisabeth Fleuriot, Hock Goh, Christiane Kuehne, Mikael Mäkinen, Richard Nilsson and Göran Sandberg. The Board convened 10 times during the year.

In its meeting after the AGM on 27 April 2017 the Board discussed focus areas for its work. The Board agreed that these areas for the year to come should be (1) acceleration of growth, (2) improvement of efficiency and productivity and (3) talent management. Various matters have based on the agenda been discussed, reviewed and decided in the Board. Further, the CEO has on a monthly basis reported progress on the same to the Board.

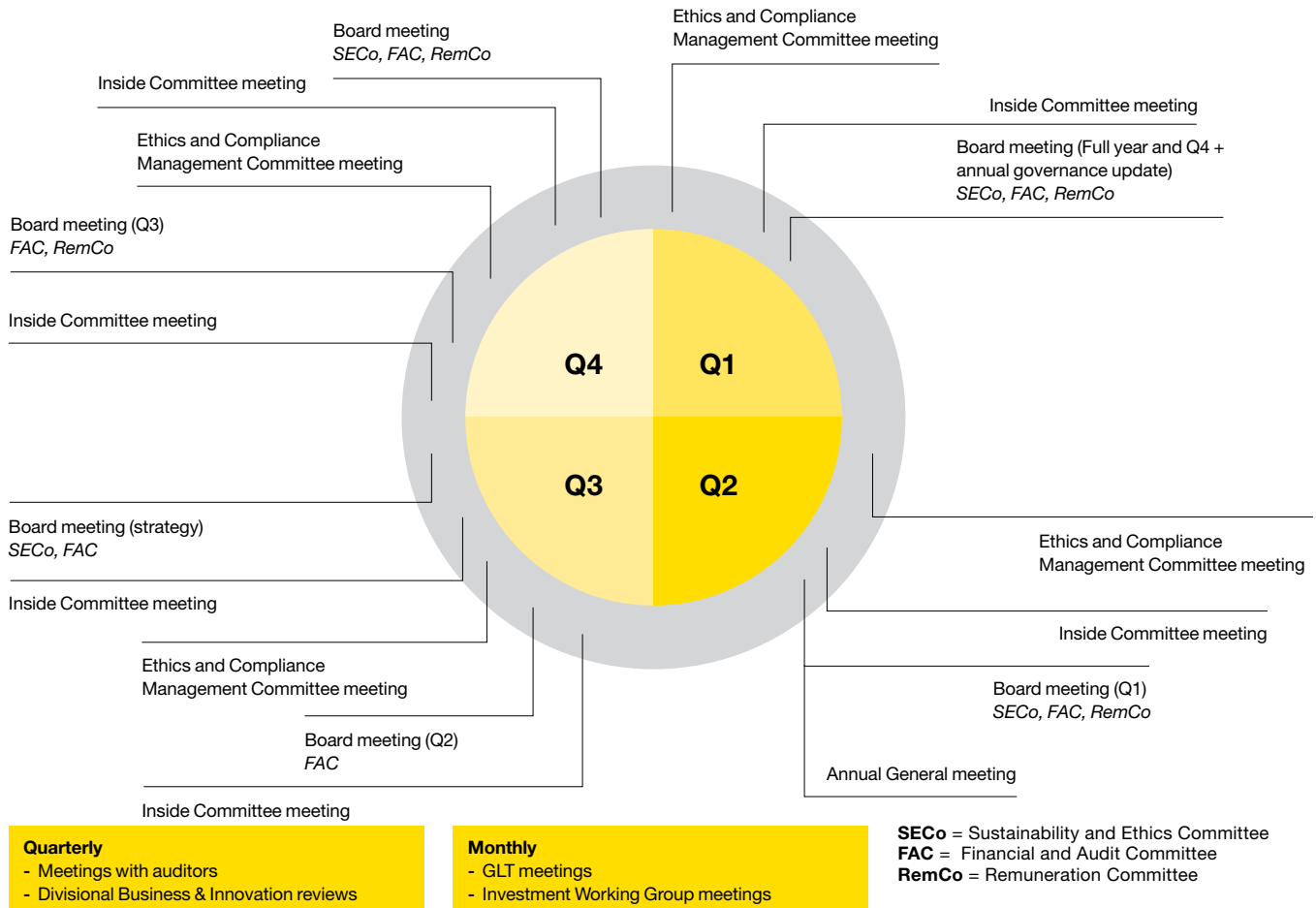
The Board has conducted an internal self-evaluation relating to the Board's work, which together with the evaluation of the Board members' independence has been provided to the Shareholders' Nomination Board for information. The Board performance evaluation has also included Board member interviews performed by the Board Chairman, the result of which has been reported to the Shareholders' Nomination Board. For detailed information about the Board members and their share ownerships, see pages 16–17.

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The Board of Director's and management annual working cycle



Working order of the Board

The working order describes the working practices of the Board. A summary of key contents is presented below.

Board meetings

- occur regularly, at least five times a year, according to a schedule decided in advance;
- special Board meetings shall, if requested by a Board member or the CEO, be held within 14 days of the date of request;
- agenda and material shall be delivered to Board members one week before the meeting.

Information

- the Board shall receive information monthly concerning financial performance, the market situation and significant events within the Company's and the group's operations;
- Board members shall be informed about all significant events immediately.

Matters to be handled at Board meetings

- matters specified by the Finnish Companies Act;
- approval of business strategy;
- organisational and personnel matters
 - » decisions concerning the basic top management organisation;
 - » decisions concerning the composition of the Group Leadership Team;

- » remuneration of the CEO;
- » appointment and dismissal of the CEO and approval of heads of divisions and other senior officers belonging to the GLT;
- » appointment of Board committees (including chairmen);
- economic and financial matters
 - » review of annual budget;
 - » approval of loans and guarantees, excluding intra-group loans and guarantees;
 - » report of share repurchases, if any;
 - » approval of Group Risk Management Policy according to Financial and Audit Committee's proposal;
- investment matters
 - » approval of investment policy of the group;
 - » approval of major investments;
 - » approval of major divestments;
- other matters
 - » report of the CEO on the group's operations;
 - » reports of the Remuneration Committee, Financial and Audit Committee and Sustainability and Ethics Committee by the chairmen of the respective committees. The recommendations and proposals by the Shareholders' Nomination Board shall be reported to the Board by the Chairman of the Board.
 - » approval and regular review of the Corporate Governance policy and the charters of the Board committees;
 - » annual self-assessment of Board work and performance as well as independence;
- other matters submitted by a member of the Board or the CEO.

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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 Board has a Financial and Audit Committee to support 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.

The Committee comprises three to five Board members, who are independent and not affiliated with the Company. At least one Committee member must be a financial expert who has significant knowledge and experience in accounting and accounting principles applicable to the Company, book-keeping or auditing. The Financial and Audit Committee meets regularly, at least four times a year. The Committee members meet the external and internal auditors regularly without the management being present. The Chairman of the Committee presents a report on each Financial and Audit Committee meeting to the Board. The tasks and responsibilities of the Financial and Audit Committee are defined in its charter, which is approved by the Board. Financial and Audit Committee members may receive remuneration solely based on their role as directors. The remuneration is decided upon by the shareholders at the AGM.

as the nomination and compensation of other members of the Group Leadership Team (GLT).

The Committee comprises three to four Board members, who are independent and not affiliated with the Company. The Remuneration Committee meets regularly, at least once a year. The Chairman of the Remuneration Committee presents a report on each Remuneration Committee meeting to the Board. The tasks and responsibilities of the Remuneration Committee are defined in its charter, which is approved by the Board.

In 2017

The Remuneration Committee comprised three members in 2017. The members were Jorma Eloranta (Chairman), Elisabeth Fleuriot and Hans Stråberg.² The Committee convened 4 times.

During 2017 the main tasks of the Committee were to recommend, evaluate and approve executive nominations and remunerations, and to make recommendations to the Board relating to management remuneration in general, including short and long term incentive programmes. In addition the Committee discussed and evaluated the external reporting on executive remuneration.

Remuneration

Chairman EUR 10 000 and member EUR 6 000 per annum as decided by the AGM.

The Remuneration Committee Charter is presented at storaenso.com/investors/governance.

In 2017

The Financial and Audit Committee comprised four members in 2017: Richard Nilsson (Chairman), Jorma Eloranta, Christiane Kuehne and Mikael Mäkinen.¹ The Committee convened 7 times.

The main task of the Committee is to support the Board in maintaining the integrity of Stora Enso's financial reporting and the Board's control functions. To fulfil its task the Committee regularly reviews the Company's system of internal control, management and reporting of financial and enterprise risks as well as the audit process. The Committee further reviews relevant compliance related cases that have been reported to Internal Audit and Ethics and Compliance during the year. In addition, the Committee has in 2017 conducted a statutory audit tender process resulting in a recommendation to the Board on the auditor candidate to be proposed to the AGM 2018.

Remuneration

Chairman EUR 20 000 per annum and member EUR 14 000 per annum as decided by the AGM.

The Financial and Audit Committee Charter is presented at storaenso.com/investors/governance.

Sustainability and Ethics Committee

The Board has a Sustainability and Ethics Committee which 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.

The Committee comprises two to four Board members who are nominated annually by the Board. The members are independent of and not affiliated with Stora Enso. At least one Committee member is expected to have sufficient prior knowledge and experience in handling responsibility and ethics matters.

The Committee meets regularly, at least two times a year. The Chairman of the Committee presents a report on each Sustainability and Ethics Committee meeting to the Board. The tasks and responsibilities of the Committee are defined in its charter, which is approved by the Board. Sustainability and Ethics Committee members may receive remuneration solely based on their role as directors. The compensation is decided by the shareholders at an AGM.

Remuneration Committee

The Board has a Remuneration Committee which is responsible for recommending and evaluating 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 as well

¹ The Committee prior to the AGM on 27 April 2017 comprised three members: Richard Nilsson (Chairman), Gunnar Brock and Mikael Mäkinen.

² The Committee prior to the AGM on 27 April 2017 comprised three members: Gunnar Brock (Chairman), Jorma Eloranta and Hans Stråberg.

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The Sustainability and Ethics Committee comprised three members in 2017: Anne Brunila (Chairman), Hock Goh and Göran Sandberg.¹ The Committee convened 4 times.

The Committee in each of its meeting reviews the areas relevant for the Committee's work, including an update on sustainability matters as well as ethics and compliance matters. The Committee further reviews sustainability and ethics and compliance KPI's, sustainability reporting as well as relevant sustainability initiatives and processes carried out during the year. An important part of the Committee's work consists of overseeing reported compliance cases.

Remuneration

Chairman EUR 10 000 and member EUR 6 000 per annum as decided by the AGM.

The Sustainability and Ethics Committee Charter is presented at storaenso.com/investors/governance.

The Board approves the main organisation, including the functions reporting to the CEO. At the end of 2017 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)
- CFO (responsible for Accounting, Controlling, Corporate Finance and M&A, Efora, Energy Services, Investment Process, Enterprise Risk Management, Internal Audit, Investor Relations, Tax, Treasury)
- IT
- Human resources
- Legal, General Counsel
- Communications
- Sustainability
- Sourcing and Logistics
- CEO Office (responsible for Wood Supply, Group R&D Innovation 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.

Management of the Company

Chief Executive Officer (CEO)

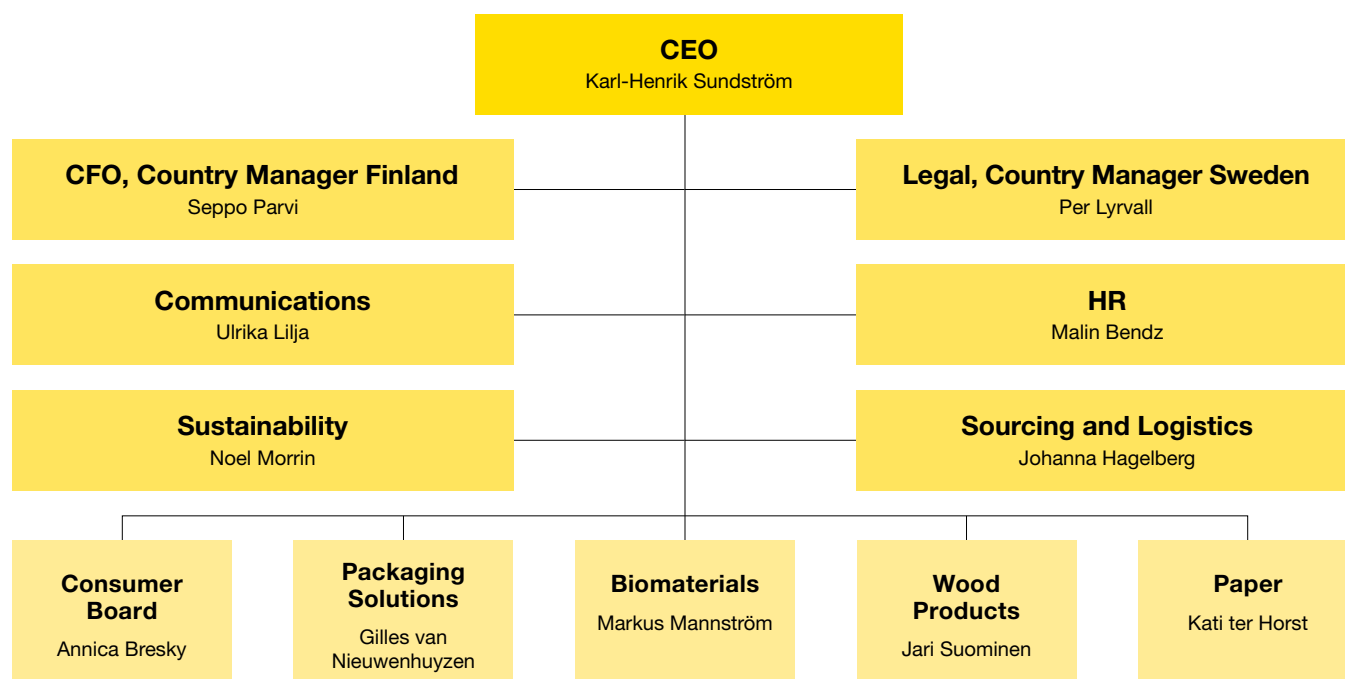
The CEO is in charge of the day-to-day management of the Company in accordance with instructions and orders issued by the Board. It is the duty of the CEO to ensure that the Company's accounting principles comply with the law and that financial matters are handled in a reliable manner.

¹ The Committee prior to the AGM on 27 April 2017 comprised three members: Anne Brunila (Chairman), Elisabeth Fleuriot and Richard Nilsson.

In 2017

The GLT had 12 members at the end of 2017. The GLT convened 12 times during the year. Important items on the agenda in 2017 were safety issues, financial performance, strategy and transformation, sustainability, customer-driven innovation, reviewing the operations of the group, planning and following up investment and other strategic projects, digitalisation, and preparatory work for Board meetings.

Group Leadership team



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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 2017, the twelve GLT members were the CEO, the CFO, the heads of the divisions, HR, Legal (who is also General Counsel), Communications, Sustainability, and Sourcing and Logistics.

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.

The GLT meets regularly every month, and as required.

Divisions and other functions

The divisions are responsible for their respective line of business and are organised 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.

Strategic investment projects are approved on group level following the mandate by the CEO and Board of Directors. Each Division will in addition be granted an annual allocation intended for smaller annual replacement and development needs in relation to investments. All projects are reviewed by the Investment Working Group comprising group and division representatives and headed by the CFO (also the allocation proposals are made by IWG).

Innovation is organised and executed 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, head of group innovation, the division Head and the division Innovation Head. Innovation funding is supported from group level by both the innovation and the digitalisation fund, where divisions make proposals, which are then reviewed and decided by IWG.

Sustainability is the responsibility of line management supported by subject matter experts throughout the group. Each business division also has its own Head of Sustainability who reports directly to the Executive Vice President of the division. Stora Enso's sustainability work is steered by the Sustainability Council, whose members come from the group's five divisions, Sourcing and Logistics, and group Sustainability team which reports to the Executive Vice President for Sustainability who in turn reports to the CEO. The CEO carries ultimate responsibility for successful implementation of Stora Enso's Sustainability Agenda.

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 for the purpose of making the proposal to the shareholders at the AGM. The auditor shall be an authorised public accounting firm, which appoints the responsible auditor.

In 2017 the Company conducted a statutory audit tender process in accordance with applicable EU regulation with view of the proposal to be made to the AGM in 2018 regarding the auditor election as the current auditor of the Company had served since 2008. During the audit tender process, the Financial and Audit Committee has carefully assessed and considered several good and qualified auditor candidates and evaluated the candidates against a variety of customarily used selection criteria communicated to the candidates. The Board has on the recommendation of the Financial and Audit

Committee proposed that PricewaterhouseCoopers Oy be elected auditor by the AGM 2018.

Principal independent auditor's fees and services

Year Ended 31 December

EUR million	2017	2016
Audit fees	4	4
Audit-related	-	-
Tax fees	-	-
Other fees	1	1
Total	5	5

In 2017

Deloitte Oy (Deloitte) has been acting as Stora Enso's auditor since 2008. At the 2017 Annual General Meeting Deloitte was re-elected as auditor for a term of office expiring at the end of the Annual General Meeting in 2018.

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 Financial and Audit Committee approves the appointment of the head of Internal Audit following the recommendation by the CEO.

Internal Audit conducts regular audits at mills, subsidiaries and other Company units, implementing a risk based 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 Management Committee

Stora Enso's Ethics and Compliance Management Committee 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 Management Committee consists of the General Counsel (chairman), CEO, CFO, Head of HR, Head of Communication, Head of Sustainability, Head of Internal Audit and the Legal Counsel dedicated to compliance matters. The Ethics and Compliance Management Committee shall convene at least four times every year.

Compliance

Stora Enso is committed to taking responsibility for its actions, to complying with all applicable laws and regulations wherever it operates, and to creating and maintaining ethical relationships with its customers, suppliers and other stakeholders. The Stora Enso Code of Conduct is a single set of values defined for all our employees, to provide guidance on our approach to ethical business practices, environmental values, and human and labour rights. These same values are applied wherever we operate. In 2011 the company established its Business Practice Policy to complement the Code of Conduct, which further sets out Stora Enso's approach to ethical business practices and describes the processes for reporting on

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violations thereof. The Business Practice Policy was revised in 2016 in order to streamline and simplify our policies and guidelines. Continuous e-learning, face-to-face training and sign-off are organised in order to ensure that these are part of the everyday decision-making and activities at Stora Enso.

In order to enhance the supervision and monitoring of legal and regulatory compliance related policies and issues, Stora Enso has established its Ethics and Compliance Management Committee. In addition, Compliance Forums, comprising of heads of key functions, in divisions, group functions and Chinese operations play an important role in risk assessing and monitoring compliance within their respective areas. The Compliance Forums use The Ethics and Compliance Self-Assessment Tool (T.E.S.T) to give them a better overview of the progress their units are making in policy implementation, compliance measures taken, and possible gaps and risks in compliance. Results of the T.E.S.T are covered in Compliance Forums and action plans developed and followed up on accordingly.

Stora Enso's employees are encouraged to report any suspected cases of misconduct or unethical behaviour to their own supervisor, or to Human Resources or Legal functions. Employees may also confidentially report their concerns to the Head of Internal Audit. Stora Enso uses an additional external service through which employees globally, and in certain locations also external stakeholders, can anonymously report potential non-compliance cases by phone, mail, or online. This service, which covers all of our units, is available 24/7.

Insider administration

The Company complies with EU and Finnish insider regulation as well as the guidelines of Nasdaq Helsinki Oy. The Company's internal insider guidelines are published and distributed throughout the group. Stora Enso legal function and the General Counsel is responsible for the procedures relating to inside administration, including monitoring compliance with applicable regulation, keeping of inside lists and internal training. The Company has established an Inside Committee composed of the CEO, CFO as well as representatives of Communications, IR and Legal for the purpose of continuously reviewing pending projects and the existence of inside information in the Company.

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.

Persons discharging managerial responsibilities (PDMR's) in Stora Enso are the members of the Board, the CEO and the CFO, as well as the members of the Group Leadership Team (GLT). PDMR's as well as their closely related persons are subject to a duty to notify the Company and the Finnish Financial Supervisory Authority of all transactions with the securities of the Company.

The Company also keeps a list of persons that are involved in the preparation of interim reports and financial results, which is approved by the General Counsel (Closed Period List). Persons included in the list are e.g. members of the Division management teams, members of Financial Communications and Investor Relations as well as the heads and certain team members of Treasury, Group Accounting and Controlling and Legal.

Persons, who participate in the development and preparation of a project that constitutes inside information, are considered project specific insiders. A separate project-specific insider register is established when required by the decision of the General Counsel or Assistant General Counsel.

The insider guidelines do not permit Stora Enso PDMR's or persons involved in the preparation of interim reports or financial results and entered into the Closed Period List to buy or sell any of the Company's securities (i.e. shares, options and synthetic options) during the closed period defined below or when they possess information that could have a material impact on the Stora Enso share price.

Closed period

Stora Enso closed period starts when the reporting period ends or 30 days prior to the announcement of the results, whichever is earlier and lasts until the results are announced. The dates are published in the financial calendar at storaenso.com/investors.

During closed periods Stora Enso PDMR's or persons entered into the Company's Closed Period List are not allowed to trade in Company securities.

Internal control and risk management related to financial reporting

Internal control over 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.

Control environment

Stora Enso's control environment sets the tone of the organisation providing the company purpose and values, policies, processes and structures as a foundation for carrying out internal control across the organisation. Stora Enso has a formal Code of Conduct that sets forth its rules. To complement the Code of Conduct, Stora Enso has a Business Practice Policy, which further sets out Company's approach to ethical business practices and describes the processes for reporting on violations thereof. All employees are expected to comply with the Code of Conduct and Business Practice Policy. Continuous e-learning, face-to-face training and sign-off are organised in order to ensure that these are part of the everyday decision-making and activities at Stora Enso.

The Board, supported by the Financial and Audit Committee, has the overall responsibility for setting up an effective system of internal control and risk management. Responsibility for maintaining effective risk management and internal controls over financial reporting is delegated to the CEO. The GLT and senior management issue corporate guidelines that stipulate responsibilities and authority and constitute the control environment for specific areas, such as finance, accounting, investments, purchasing and sales. These responsibilities have been described in Stora Enso's Risk and Control Policy which also outlines the responsibilities of the first and second line of defense. Group Internal Control function, under the CFO's supervision, is responsible for group-wide internal control governance and processes, whereas divisions, various support and service functions are accountable for operating effective internal controls.

Risk assessment

Stora Enso's management specifies objectives relating to the preparation of financial statements. The company applies an annual process to establish the overall materiality and to identify significant financial statements accounts and disclosures. Relevant objectives and risks for processes are identified and evaluated to determine Stora Enso's minimum internal control requirements for all business units and support functions. The assessment of risk includes risks related to fraud and irregularities as well as the risk of loss or the misappropriation of assets. Information on the development of essential risk areas and executed and planned activities in these areas are regularly communicated to the Financial and Audit Committee.

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Control activities

Stora Enso's control activities are the policies, procedures and organisational structures in place to ensure that management directives are carried out and that necessary action is taken to address risks related to the achievement of objectives relating to financial reporting. Stora Enso's minimum internal control requirements are aimed at preventing, detecting and correcting accounting and disclosure errors and irregularities and are performed on all company levels. They include a range of activities such as approvals, authorisations, verifications, reconciliations, reviews of operating performance, the security of assets and the separation of duties as well as general computer controls.

Information and communication

The Company's information and communication channels support the completeness and correctness of financial reporting. For example, the management communicates information about Stora Enso's financial reporting objectives, financial control requirements, policies and procedures regarding accounting and financial reporting to all employees concerned. The management also communicates regular updates and briefings regarding changes in accounting policies and reporting and disclosure requirements. Subsidiaries and operational units make regular financial and management reports to the management, including the analysis of and comments on financial performance and risks. The Board receives monthly financial reports. The Company has internal and external procedures for anonymous reporting of violations related to accounting, internal controls and auditing matters.

Monitoring

The Company's financial performance is reviewed at each Board meeting. The Financial and Audit Committee handles all Interim Reports and the Board reviews them before they are released by the CEO. The annual financial statements and the Report of the Board of Directors are reviewed by the Financial and Audit Committee and approved by the Board. The effectiveness of the process for assessing risks and the execution of control activities are monitored continuously at various levels. Monitoring involves both formal and informal procedures applied by management and processes owners, including reviews of results which are compared against the set budgets and plans, analytical procedures and key performance indicators. Additionally, in 2017 Stora Enso started implementing internal control tool to facilitate and automate internal control processes, control performance, continuous controls monitoring and reporting risks to management.

Stora Enso has a separate internal auditing organisation which independently evaluates the design and operating effectiveness of internal controls over financial reporting. The role, responsibilities and organisation of Internal Audit are described under Other Supervisory Bodies and Norms.

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Remuneration Statement

This Remuneration statement describes Stora Enso's main principles of remuneration and the remuneration paid to members of the Board of Directors, Chief Executive Officer (CEO) and other members of the Group Leadership Team (GLT). The first part of this report describes Stora Enso's remuneration decision-making procedure and remuneration policy. The second part describes the implementation in 2017 (Remuneration Report).

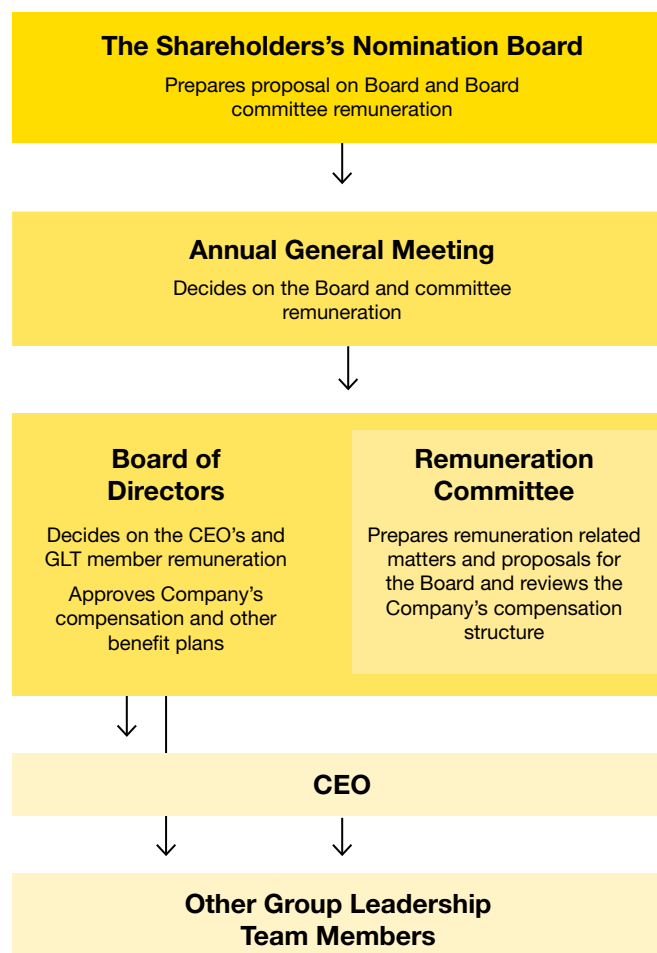
The Remuneration statement has been prepared in accordance with the Finnish Corporate Governance Code (the "Code"). The Code is available at cgfinland.fi. Stora Enso also complies with the Swedish Corporate Governance Code ("Swedish Code"), with the exception of the deviations listed in Appendix 1 of the Corporate Governance Report. 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. The Swedish Code is issued by the Swedish Corporate Governance Board and is available at corporategovernanceboard.se.

Decision-making procedure

The shareholders at the AGM decide annually on the remuneration of the Board members (including the remuneration of the members of Board committees). The proposals for the AGM concerning the remuneration for the Chairman, Vice Chairman and members of the Board as well as the remuneration for the Chairman and members of the committees of the Board are prepared by the Company's Shareholders' Nomination Board, which is composed of representatives of the main shareholders of the Company as well as Board member representatives and described in more detail on page 3 of the Corporate Governance Report.

The Board appoints the CEO and approves his/her remuneration as well as the compensation of other GLT members. The Board's Remuneration Committee prepares remuneration related matters and proposals for the Board and is further responsible for ensuring that management compensation policies are aligned with the Company's objectives and shareholder interest.

Remuneration decision-making procedure



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Main principles of remuneration

Stora Enso remuneration principles – general overview

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 longterm incentives (shares when applicable)
- long-term employee benefits (pension, medical and health benefits)
- other benefits (car, housing, etc. when applicable)

Regular external benchmarking is crucial to ensure that compensation levels are competitive with the external marketplace. The marketplace is defined as those peer companies with whom Stora Enso competes for recruiting talents and retention of current employees for similar positions. The market will vary depending on functional area and level of the positions concerned.

Compensation Review is an annual process with the aim to ensure that Stora Enso employees are being rewarded in accordance with our Remuneration Policy and local regulations, such as labour laws and collective agreements.

The Group Leadership Team 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.

Board member remuneration principles

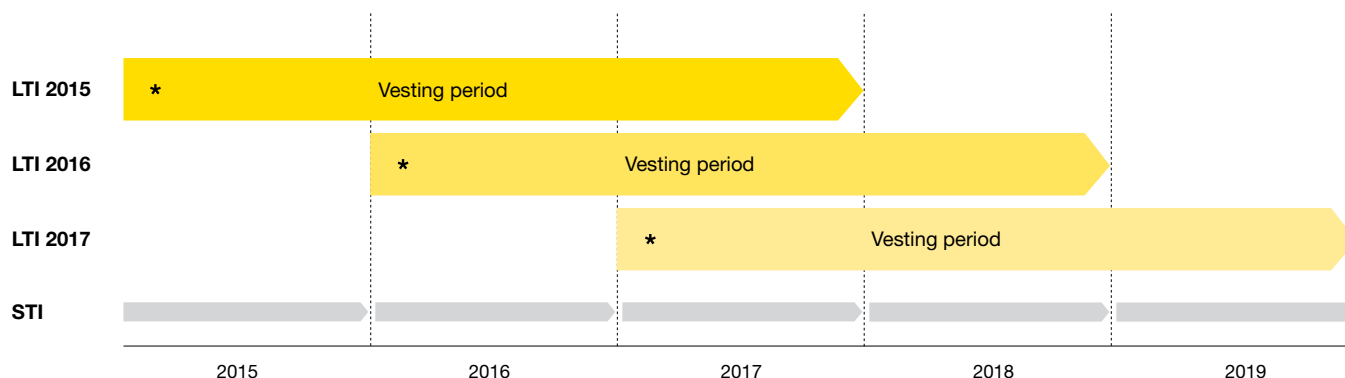
Remuneration of the Board of Directors is decided annually by the shareholders at the AGM. The AGM in 2017 resolved in accordance with the proposal of the Shareholders' Nomination Board that the members of the Board of Directors be paid the following annual remuneration for their term of office expiring at the end of the AGM 2018

- for the Chairman of the Board of Directors EUR 170 000
- for the Vice Chairman of the Board of Directors EUR 100 000, and
- for other members of the Board of Directors EUR 70 000 each.

The Board members shall use approximately 40% of their annual Board member remuneration to purchase Stora Enso's R shares from the public market and the purchases shall be carried out during the two weeks following the AGM. The Company has no formal policy requirements for the Board members to retain shares received as remuneration. In addition, the AGM decided that the following annual remuneration be paid to the members of the Board Committees:

- for the Chairman of the Financial and Audit Committee EUR 20 000, and
- for the members of the Financial and Audit Committee EUR 14 000 each,
- for the Chairman of the Remuneration Committee EUR 10 000, and
- for the members of the Remuneration Committee EUR 6 000 each,
- for the Chairman of the Sustainability and Ethics Committee EUR 10 000, and
- for the members of the Sustainability and Ethics Committee EUR 6 000 each.

Share-based compensation plan



* Date of grant 1 March

Yearly STI programme

LTI Long term incentive

STI Short term incentive

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CEO remuneration principles

The CEO has been employed since 1 August 2012 and assumed the position as CEO on 1 August 2014. He has a notice period of six months with a severance payment of twelve months salary on termination by the company but with no contractual payments on any change of control. The CEO's benefits include pension provisions. The CEO's pension plan consists of collectively agreed pension plan in Sweden (ITP2) and a defined contribution (DC) top up pension plan. Contributions to the DC plan in the interval 20–30 Income Base Amounts (IBA; one IBA was 61 500 SEK in 2017) is 23%, contributions above 30 IBA is 35% for the salary the CEO had prior to assuming this position and 39% on the salary increase amount received when assuming the position as CEO. The retirement age is sixty-five years.

Short Term Incentive (STI) programme for CEO

The CEO is entitled to a STI programme decided by the Board each year giving a maximum of 75% of annual fixed salary. The STI for 2016 and 2017 was based 70% on financial measures and 30% on Individual Key Targets.

Long Term Incentive (LTI) programmes for CEO

The CEO participates in 2015, 2016 and 2017 share based LTI programmes. The programmes have three year targets and vest in one portion after three years. Three quarters (75%) of the opportunity is in Performance Shares, where shares will vest in accordance with performance criteria proposed by the Remuneration Committee and approved by the Board of Directors. One quarter (25%) of the opportunity is in Restricted Shares, for which vesting is only subject to continued employment.

GLT remuneration principles

GLT members in Stora Enso receive a monthly salary, which in addition to a salary payment includes customary fringe benefits, such as mobile

phones and cars. GLT members further have the possibility to receive yearly awards in the Company's short term and long term incentive programmes for management.

In accordance with their respective pension arrangements, GLT members may retire at sixty-five years of age with pensions consistent with local practices in their respective home countries. Contracts of employment provide for notice of six months prior to termination with severance compensation of twelve months basic salary if the termination is at the Company's request.

Short Term Incentive (STI) programmes for management

GLT members have STI programmes with up to a maximum 40% or 50% of their annual fixed salary, payable the year after the performance period. 70% of the STI for 2016 and 2017 was based on financial measures and 30% on Individual Key Targets.

The financial performance metrics in the STI programme are EBITDA and Working Capital Ratio. The Individual Targets are based on a balanced scorecard approach within the categories of Customer, People, Sustainability and Special Projects.

Long Term Incentive (LTI) programmes for management

Since 2014, the LTI programmes have had three-year targets and vest in one portion after three years. The absolute maximum vesting level is 100% of the number of shares granted. Three quarters (75%) of the opportunity under the 2017 programme is in Performance Shares, where the shares are vested in accordance with performance criteria proposed by the Remuneration Committee and approved by the Board of Directors. One quarter (25%) of the opportunity under the 2017 programme is in Restricted Shares, for which vesting is only subject to continued employment.

The financial success metric in the Performance Share programme is 3-year EVA (Economic Value Added) for the Stora Enso group.

2017 CEO remuneration

Component	
Annual salary	EUR 913 000 in 2017
Short-term incentive	The CEO is entitled to a STI programme decided by the Board each year giving a maximum of 75% of annual fixed salary.
Long-term incentive	Outstanding LTI programmes include the yearly programmes of 2015, 2016 and 2017. The CEO has the potential to receive a maximum of 81 401 shares in the 2017 programmes that will be settled 2020.
Other benefits	Benefits include mobile phone, car and insurance.
Pension	Retirement age is 65. Pension plan consists of collectively agreed pension plan in Sweden (ITP2) and a defined contribution (DC) top up pension plan.
Termination of assignment	Notice period of six months with a severance payment of twelve months salary on termination by the company but with no contractual payments on any change of control.

2017 GLT remuneration, other than CEO

Component	
Annual salary	GLT members receive a monthly salary. In total for all GLT members EUR 3 583 000 in 2017.
Short-term incentive	GLT members are eligible for STI with up to a maximum of 50% of their annual fixed salary, payable the year after the performance period.
Long-term incentive	Outstanding LTI programmes include the yearly programmes of 2015, 2016 and 2017. The GLT members can potentially receive total grant of maximum 269 386 shares in the 2017 programmes that will be settled 2020.
Other benefits	Benefits include mobile phones, cars and insurances.
Pension	GLT members may retire at 65 years of age with pensions consistent with local practices in their respective home countries.
Termination of assignment	Contracts of employment provide for notice of six months prior to termination with severance compensation of twelve months' basic salary if the termination is at the Company's request.

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Board remuneration in 2017

In 2017, the Board members of Stora Enso were compensated as set out in the following chart. Based on the decision of the AGM 2017, 40% of the Board remuneration was paid in Stora Enso R shares purchased from the market. In addition, Board members may receive a yearly compensation based on their positions as Chairman or members of Board committees. This level of remuneration to Board members has been the same since 2012.

Board Remuneration

EUR	2017 ¹	2016
Chairman	170 000	170 000
Vice Chairman	100 000	100 000
Board Member	70 000	70 000

¹ 40% of the Board remuneration in 2017 was paid in Stora Enso R shares purchased from the market and distributed as follows: to Chairman 6 012 R shares, Vice Chairman 3 536 R shares, and members 2 475 R shares each. The Company has no formal policy requirements for the Board members to retain shares received as remuneration.

CEO remuneration

The total compensation for the CEO in 2017 amounted to EUR 2 638 000, including annual salary, customary fringe benefits (such as mobile phone) STI and LTI programmes, and pension costs.

The CEO has the potential to receive up to 81 401 shares under the 2017 LTI programme. The grant value EUR 825 406 is based on the share price at grant date and assuming the maximum vesting level

during the three-year vesting period is achieved. The shares received by the CEO from previous awards amounted to 54 181 shares having a cash value at the 1 March 2017 settlement date of EUR 549 395 based on the share price of EUR 10.14 at that date.

GLT remuneration excluding CEO

The total compensation for the GLT members excluding CEO in 2017 amounted to EUR 8 413 000 including annual salary, customary fringe benefits (such as mobile phone) STI and LTI programmes, and pension costs. The total number of GLT members was 12 at year end 2017, including also the CEO. Annica Bresky joined GLT on 1 May and Juan Bueno left GLT on 31 May.

Under the 2017 LTI programme, GLT members (in GLT at year end) potentially can receive 269 386 shares assuming that the maximum vesting level during the three-year vesting period (2017–2019) is achieved.

The fair value of employee services received in exchange for share based compensation payments is accounted for in a manner that is consistent with the method of settlement either as cash-settled or equity settled as described in more detail in Note 21 of the Financial Report 2017. For the equity settled part, it is possible that the actual cash cost does not agree with the accounting charges as the share price is not updated at the time of the vesting. The figures in the Group Leadership Team Remuneration table refer to individuals who were executives at the time of settlement.

During the year, the number of shares settled for executives (GLT members at settlement date) from previous awards amounted to 138 388, having a cash value at the 1 March 2017 settlement date of EUR 1 403 254 based on the share price at that date.

Board Remuneration and Committee Memberships

	Year Ended 31 December				
	2017		2016		
EUR thousand	Cash	Shares	Total	Total	Committee memberships
Board Members at 31 December 2017					
Jorma Eloranta, Chairman	126	68	194	106	Remuneration, Nomination ^{2,3} , Financial and Audit
Hans Stråberg, Vice Chairman	66	40	106	76	Remuneration, Nomination ^{2,3}
Anne Brunila	52	28	80	80	Sustainability and Ethics
Elisabeth Fleuriot	48	28	76	76	Remuneration
Hock Goh	48	28	76	70	Sustainability and Ethics
Christiane Kuehne	56	28	84	-	Financial and Audit
Mikael Mäkinen	56	28	84	84	Financial and Audit
Richard Nilsson	62	28	90	96	Financial and Audit
Göran Sandberg	48	28	76	-	Sustainability and Ethics
Former Board members					
Gunnar Brock (until 27 April 2017)	-	-	-	194	
Total Remuneration as Directors ¹	562	304	866	782	

¹ 40% of the Board remuneration in 2017 was paid in Stora Enso R shares purchased from the market and distributed as follows: to Chairman 6 012 R shares, Vice Chairman 3 536 R shares, and members 2 475 R shares each. The Company has no formal policy requirements for the Board members to retain shares received as remuneration.

² Stora Enso's Shareholders' Nomination Board has been appointed by the AGM in 2016 to exist until otherwise decided. The Shareholders' Nomination Board according to its Charter as approved by the AGM comprises of 4 members: the Chairman and Vice Chairman of the Board of Directors, as well as two members appointed by the two largest shareholders (one each) as of 31 August each year.

³ Marcus Wallenberg appointed by FAM AB is Chairman of the Nomination Board. Harri Sailas is the member of the Shareholders' Nomination Board appointed by Solidium Oy. Jorma Eloranta and Hans Stråberg were appointed as members of the Shareholders' Nomination Board in their roles as Chairman and Vice Chairman of the Board of Directors.

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The aggregate remuneration paid to the CEO and GLT members in 2017:

EUR thousand	Year Ended 31 December					
	2017			2016		
	CEO	Others ¹	GLT Total	CEO	Others	GLT Total
Remuneration						
Annual salary ⁴	913	3 583	4 496	934	3 964	4 898
Local housing (actual costs)	-	70	70	-	119	119
Other benefits	20	610	630	20	581	601
Termination benefits	-	531	531	-	-	-
Short Term Incentive programme ³	532	643	1 175	499	924	1 423
Long Term Incentive programme ³	549	1 403	1 952	151	424	575
	2 014	6 840	8 854	1 604	6 012	7 616
Pension Costs						
Mandatory plans	69	1 029	1 098	64	1 044	1 108
Stora Enso voluntary plans	555 ²	544	1 099	550	625	1 175
	624	1 573	2 197	614	1 669	2 283
Total Compensation	2 638	8 413	11 051	2 218	7 681	9 899

¹ The amounts include payments related to Juan Carlos Bueno until 31 May 2017. Payments related to the new GLT member Annica Bresky are included from 1 May 2017.

² The CEO participates in the Swedish Executive Pension Plan where pension accruals are unfunded for all participants, the liability is calculated and insured in accordance with Swedish legislation. The unfunded liability for the CEO amounts to EUR 2 049 thousand.

³ Disclosed amounts for Short and Long term Incentives include amounts for executives who were GLT members at the time of the payment in March 2017.

⁴ Annual salary for executives is disclosed only for the period during which they were GLT members.

CEO and GLT share interests

Stora Enso recommends and expects GLT members to hold Stora Enso shares at a value corresponding to at least one annual base salary. Stora Enso shares received as remuneration are therefore recommended not to be sold until this level has been reached. Stora Enso GLT members, including the CEO, held on 31 December 2017 shares in the Company as follows:

Executives in office at the year end	R Shares held ¹	Performance share opportunity 2018–2020 ²	Restricted share opportunity 2018–2020 ²
Johanna Hagelberg	4 745	50 396	16 798
Kati ter Horst	19 166	79 469	26 490
Malin Bendz	13 793	30 400	10 133
Ulrika Lilja	16 582	41 816	13 939
Annica Bresky	-	25 191	8 397
Per Lyrvall ³	44 632	61 180	20 393
Markus Mannström	25 746	35 580	11 860
Noel Morrin	18 092	54 680	18 227
Gilles van Nieuwenhuyzen	-	87 369	29 123
Seppo Parvi	17 026	62 192	20 730
Karl-Henrik Sundström ⁴	114 548	199 584	66 528
Jari Suominen	23 068	60 471	20 157
Total, Serving Officers⁵	297 398	788 328	262 775

¹ None of the GLT members holds A shares.

² Potential shares to GLT members listed here are gross of taxes.

³ In addition, spouse holds 1 257 shares.

⁴ 41 700 of the shares are held by a related party (Alma Patria AB).

⁵ The Company recommends and expects GLT members to hold Stora Enso shares at a value corresponding to at least one annual base salary. Stora Enso shares received as remuneration are therefore recommended not to be sold until this level has been reached.

The following executive officers also served in 2017

	Shares held when GLT membership ended	Performance share opportunity when GLT membership ended ¹	Restricted share opportunity when GLT membership ended ¹	Effective date of GLT membership ending
Juan Carlos Bueno	-	87 083	29 028	31 May 2017

¹ Unvested Performance and Restricted share awards were forfeited when employment ended.

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Board of Directors **16**

Board of Directors

Jorma Eloranta Born 1951. M.Sc. (Tech), D. Sc. (Tech) h.c.						
	Position Chairman of Stora Enso's Board of Directors since April 2017, Vice Chairman April 2016–April 2017. Member of Shareholders' Nomination Board since April 2016. Chairman of the Remuneration Committee since April 2017 and member since April 2016. Member of the Financial and Audit Committee since April 2017.		Board memberships Chair of the Board of Neste until 5 April 2018 and Uponor until 13 March 2018. Vice Chairman of the Board of Finnish Fair Foundation. Member of the Board of Cargotec. Vice Chairman of the Supervisory Board in Finnish Naval Foundation. Senior Advisor of Eera Ltd. Chair of the Board and President of Pienelo Ltd.		Principal work experience and other information President and CEO of Metso 2004–2011, President and CEO of Kvaerner Masa-Yards 2001–2003 and President and CEO of Patria Industries Group 1997–2000. Executive Vice President of Finvest Group and Jaakko Pöyry Group 1996 and President of Finvest 1985–1995.	
	Total remuneration 2017, EUR¹	Meeting attendance	FAC attendance	RemCo attendance	SECo attendance	Shareholding²
	194 000	10/10	3/3 ³ ●	4/4 ●		Owns 1 150 A shares and 12 660 R shares in Stora Enso.
Hans Stråberg Born 1957. M.Sc. (Eng.).						
	Position Vice Chairman of Stora Enso's Board of Directors since April 2017 and member since April 2009. Member of Shareholders' Nomination Board since April 2017. Member of the Remuneration Committee since March 2010.		Board memberships Chairman of the Board of Atlas Copco AB, Roxtec AB, CTEK Holding AB and Nikkarit Holding AB. Vice Chairman of the Board of Orchid First Holding AB. Member of the Board of Investor AB, N Holding AB, Mellby Gård AB and Hedson Technologies International AB.		Principal work experience and other information President and CEO of AB Electrolux 2002–2010. Several management positions at Electrolux in Sweden and the USA 1983–2002.	
	Total remuneration 2017, EUR¹	Meeting attendance	FAC attendance	RemCo attendance	SECo attendance	Shareholding²
	106 000	10/10		4/4 ●		Owns 35 006 R shares in Stora Enso.
Anne Brunila Born 1957. D.Sc. (Econ.).						
	Position Member of Stora Enso's Board of Directors since April 2013. Chairman of the Sustainability and Ethics Committee since April 2013.		Board memberships Chairman of the Board of Aalto University Foundation. Member of the Board of Kone Plc and Sanoma Plc.		Principal work experience and other information Professor in Hanken School of Economics as of 2014. Executive Vice President, Corporate Relations and Strategy and Member of the Management Team of Fortum 2009–2012. President and CEO of the Finnish Forest Industries Federation 2006–2009. Director General in the Finnish Ministry of Finance 2003–2005 and several positions in the Bank of Finland 1992–2000 and the European Commission 2000–2002.	
	Total remuneration 2017, EUR¹	Meeting attendance	FAC attendance	RemCo attendance	SECo attendance	Shareholding²
	80 000	9/10			4/4 ●	Owns 18 384 R shares in Stora Enso.
Elisabeth Fleuriot Born 1956. M.Sc. (Econ.).						
	Position Member of Stora Enso's Board of Directors since April 2013. Member of the Remuneration Committee since April 2017.		Board memberships		Principal work experience and other information President and CEO of Thai Union Europe Africa 2013–2017. Senior Vice President, Emerging Markets and Regional Vice President, France, Benelux, Russia and Turkey, in Kellogg Company 2001–2013. General Manager, Europe, in Yoplait, Sodial Group 1998–2001. Several management positions in Danone Group 1979–1997.	
	Total remuneration 2017, EUR¹	Meeting attendance	FAC attendance	RemCo attendance	SECo attendance	Shareholding²
	76 000	10/10		2/2 ² ●		Owns 18 384 R shares in Stora Enso.
Hock Goh Born 1955. B. Eng (Hons) in Mechanical Engineering.						
	Position Member of Stora Enso's Board of Directors since April 2012. Member of the Sustainability and Ethics Committee since April 2017.		Board memberships Chairman of the Board of Advent Energy Limited and MEC Resources. Member of the Board of AB SKF, Santos Australia, Harbour Energy and Vesuvius Plc.		Principal work experience and other information Operating Partner of Baird Capital Partners Asia 2005–2012. Several senior management positions in Schlumberger Limited, the leading oilfield services provider, in 1995–2005.	
	Total remuneration 2017, EUR¹	Meeting attendance	FAC attendance	RemCo attendance	SECo attendance	Shareholding²
	76 000	10/10			2/2 ³ ●	Owns 24 167 R shares in Stora Enso.





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Board of Directors **17**

Christiane Kuehne Born 1955. LL.M., B.B.A.						
	Position Member of Stora Enso's Board of Directors since April 2017. Member of the Financial and Audit Committee since April 2017.		Board memberships Member of the Board of James Finlays Ltd, Wetter Foundation, Whitestone Foundation and Foundation Pierre du Bois.		Principal work experience and other information Operative roles within the Nestlé Group 1977–2015. Her last operative role at Nestlé was as Head of Strategic Business Unit Food with strategic responsibility for the food business of Nestlé at global level.	
	Total remuneration 2017, EUR¹	Meeting attendance	FAC attendance	RemCo attendance	SECo attendance	Shareholding² Owns 2 475 R shares in Stora Enso.
	84 000	8/8 ⁵	3/3 ⁶ ●			Yes
Mikael Mäkinen Born 1956. M.Sc. (Eng.).						
	Position Member of Stora Enso's Board of Directors since March 2010. Member of the Financial and Audit Committee since April 2013.		Board memberships		Principal work experience and other information President of Marine Rolls-Royce as of 2014. President of Cargotec Marine 2012–2013. President and CEO of Cargotec Oyj 2006–2012. Deputy CEO Wärtsilä 2004–2006, Group Vice President, Ship Power, Wärtsilä 1999–2004.	
	Total remuneration 2017, EUR¹	Meeting attendance	FAC attendance	RemCo attendance	SECo attendance	Shareholding² Owns 31 060 R shares in Stora Enso.
	84 000	9/10	5/5 ●			Yes
Richard Nilsson Born 1970. B.Sc. (BA and Econ.).						
	Position Member of Stora Enso's Board of Directors since April 2014. Chairman of the Financial and Audit Committee since April 2016 and member since April 2015.		Board memberships Member of the Board of Directors of Cellutech AB and F Intressenter 1 AB and group companies.		Principal work experience and other information Investment Manager at FAM AB since 2008. Pulp & paper research analyst at SEB Enskilda 2000–2008, Alfred Berg 1995–2000 and Handelsbanken 1994–1995.	
	Total remuneration 2017, EUR¹	Meeting attendance	FAC attendance	RemCo attendance	SECo attendance	Shareholding² Owns 16 517 R shares in Stora Enso.
	90 000	10/10	5/5 ●			Yes/no ³
Göran Sandberg Born 1955. Ph.D.						
	Position Member of Stora Enso's Board of Directors since April 2017. Member of the Sustainability and Ethics Committee since April 2017.		Board memberships Member of the Board of the Marcus Wallenberg Foundation for Promoting Scientific Research in the Forest Industry and the Wallenberg Foundations AB.		Principal work experience and other information Professor in Plant Biology and professor at the Swedish University of Agricultural Science and the Umeå University. Executive director of the Knut and Alice Wallenberg Foundation and the Marianne and Marcus Wallenberg Foundation. Member of the Royal Swedish Academy of Science, the Royal Swedish Academy for Agriculture and Forestry Sciences, and the Royal Swedish Academy of Engineering Sciences. His previous positions include Vice chancellor of Umeå University 2005–2010, Chairman of Umeå Plant Science Center 1996–2004, Chairman of SciLifeLab Sweden 2013–2016 as well as Board member of the Human Protein Atlas project and the Wallenberg Wood Science Center.	
	Total remuneration 2017, EUR¹	Meeting attendance	FAC attendance	RemCo attendance	SECo attendance	Shareholding² Owns 2 475 R shares in Stora Enso.
	76 000	8/8 ⁵			2/2 ⁶ ●	Yes/no ⁴

FAC = Financial and Audit Committee RemCo = Remuneration Committee SECo = Sustainability and Ethics Committee

● Chairman ● Member

¹ Detailed description of Board Remunerations and Committee Memberships as decided by the AGM in 2017 on page 14.

² Shares held by Board members and related parties. Board members' related parties held no Stora Enso shares.

³ Richard Nilsson is independent of the company but not of its significant shareholders due to his employment at FAM AB.

⁴ Göran Sandberg is independent of the company but not of its significant shareholders due to his position as executive director of majority shareholders of FAM AB, a significant shareholder of the company.

⁵ Meetings attended out of the meetings held after election as Board member.

⁶ Meetings attended out of the meetings held after election as FAC member.

⁷ Meetings attended out of the meetings held after election as RemCo member.

⁸ Meetings attended out of the meetings held after election as SECo member.

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. 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.

Gunnar Brock was Chairman of Stora Enso's Board of Directors since March 2010 (and member since March 2005) until his resignation on 27 April 2017. He was independent of the company and the significant shareholders.

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Group Leadership Team **18**

Group Leadership Team

Karl-Henrik Sundström

Born 1960. B.Sc. (Business Studies).



Position

Chief Executive Officer (CEO) since 2014. Member of the GLT since 2012. Joined the company in 2012.

Shareholding

Owens 72 848 R shares in Stora Enso directly and 41 700 R shares through Alma Patria AB (related party).

Board memberships, principal work experience and other information

Executive Vice President, Printing and Living until 2014. CFO of the company 2012–2013. CFO of NXP Semiconductors 2008–2012. Prior to that CFO and several managerial positions in Ericsson. Chairman of the Board of Skogsindustrierna. Member of the Board of Sustainable Energy Angels AB, Confederation of European Paper Industries (CEPI) and Confederation of Swedish Enterprise.

Seppo Parvi

Born 1964. M.Sc. (Econ.).



Position

Chief Financial Officer (CFO), Deputy to the CEO. Country Manager Finland and member of the GLT since 2014. Joined the company in 2014.

Shareholding

Owens 17 026 R shares in Stora Enso.

Board memberships, principal work experience and other information

CFO and EVP, Food and Medical Business Area at Ahlstrom Corporation 2009–2014. CFO for Metsä Board (M-real) 2006–2009. Prior to that various line management positions at the packaging company Huhtamäki, including responsibilities such as paper manufacturing within Rigid Packaging Europe and General Manager for Turkey. Deputy Chairman of the Board of the Finnish Forest Industries Federation. Member of the Board of Pohjolan Voima Oy. Member of the Board of Ilmarinen as of 1 January 2018.

Malin Bendz

Born 1976. B.Sc. (Personnel Mgmt & Org. Development), MBA.



Position

Executive Vice President, HR. Member of the GLT since 2016. Joined the company in 2000.

Shareholding

Owens 13 793 R shares in Stora Enso.

Board memberships, principal work experience and other information

Several international positions in human resources, business development and purchasing. Member of the Stora Enso Paper division management team 2015–2016, Renewable Packaging management team 2012–2014 and Latin America Division Management team 2004–2008.

Annica Bresky

Born 1975. M.Sc. (Engineering), MBA.



Position

Executive Vice President, Division Consumer Board. Member of the GLT since May 2017. Joined the company in May 2017.

Shareholding

Does not own any Stora Enso shares.

Board memberships, principal work experience and other information

President and CEO of Iggesund Paperboard AB, part of the Swedish Holmen Group 2013–2017. Mill Director at BillerudKorsnäs AB 2010–2013. Prior to that engineering and superintendent positions at Stora Enso's Kvarnsveden Mill in 2001–2010.

Johanna Hagelberg

Born 1972. M.Sc. (Industrial Eng. & Mgmt) and M.Sc. (Eng. and Mgmt of Manufacturing Systems).



Position

Executive Vice President, Sourcing and Logistics. Member of the GLT since 2014. Joined the company in 2013 as SVP Sourcing, Printing and Living.

Shareholding

Owens 4 745 R shares in Stora Enso.

Board memberships, principal work experience and other information

Chief Procurement Officer at Vattenfall AB 2010–2013. Prior to that leading Sourcing positions at NCC, RSA Scandinavia and within the Automotive Industry. Member of the Board of Bufab AB.

Kati ter Horst

Born 1968. MBA (International Business), M.Sc. (Marketing).



Position

Executive Vice President, Division Paper. Member of the GLT since 2014. Joined the company in 1996.

Shareholding

Owens 19 166 R shares in Stora Enso.

Board memberships, principal work experience and other information

Senior Vice President, Paper Sales, Stora Enso Printing and Living until 2014. Has held several managerial positions in the paper business. Member of the Board of Finnish Forest Industries Federation, Outokumpu Oyj and EURO-GRAPH asbl.

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Group Leadership Team **19**

Ulrika Lilja

Born 1975. M.Sc. (BA and Econ.).



Position

Executive Vice President, Communications. Member of the GLT since 2014. Joined the company in 2014 as Senior Vice President Communications, Stora Enso Printing and Living.

Shareholding

Owns 16 582 R shares in Stora Enso.

Board memberships, principal work experience and other information

Director External Communications at SSAB 2010–2013. Prior to that several leading communications positions at OMX Stockholm Stock Exchange and Neonet. Member of the Board of Swedish Association of Communication Professionals.

Per Lyrvall

Born 1959. LL.M.



Position

Executive Vice President, Legal, General Counsel, Country Manager Sweden. Member of the GLT since 2012. Joined the company as Legal Counsel in 1994. General Counsel since 2008. Country Manager Sweden since 2013.

Shareholding

Owns 44 632 R shares in Stora Enso directly and 1 257 R shares through related persons (spouse).

Board memberships, principal work experience and other information

Prior to joining Stora Enso legal positions at Swedish Courts, law firms and Assi Domän. Member of the Board of Montes del Plata and Bergvik Skog AB. Deputy Member of the Board of Skogsindustrierna.

Markus Mannström

Born 1963. M.Sc. (Paper Tech.).



Position

Executive Vice President, Division Biomaterials. Member of the GLT since 2015. Joined the company in 2001.

Shareholding

Owns 25 746 R shares in Stora Enso.

Board memberships, principal work experience and other information

Chief Technology Officer (CTO) of the company 2015–May 2017. Member of the Renewable Packaging division management team 2009–2014. Member of the Board of Teollisuuden Voima Oyj. Deputy Member of the Board of Pohjolan Voima Oy.

Noel Morrin

Born 1958. B.Sc. Joint Honours, First Class (Chemistry and Biology).



Position

Executive Vice President, Sustainability. Member of the GLT since 2015. Joined the company in 2015.

Shareholding

Owns 18 092 R shares in Stora Enso.

Board memberships, principal work experience and other information

Group SVP for Sustainability & Green Support at Skanska AB 2005–2015. Group Environment Director at RMC plc 1999–2005. Prior to that senior roles at the UK National Environmental Technology Centre, the British NGO Business in the Community and the global chemical company ICI plc.

Gilles van Nieuwenhuyzen

Born 1959. M.Sc. (Applied Physics), MBA (INSEAD).



Position

Executive Vice President, Division Packaging Solutions. Member of the GLT since 2015. Joined the company in 2015.

Shareholding

Does not own any Stora Enso shares.

Board memberships, principal work experience and other information

President of the Enablers division at DuPont Nutrition & Health (formerly Danisco) 2010–2014. Prior to that senior management positions at among others the Dutch food ingredients group CSM (now Corbion), Rexam (coated films and papers), and DSM (chemicals and polymers).

Jari Suominen

Born 1969. M.Sc. (BA).



Position

Executive Vice President, Division Wood Products. Member of the GLT since 2014. Joined the company in 1995.

Shareholding

Owns 23 068 R shares in Stora Enso.

Board memberships, principal work experience and other information

Senior Vice President, head of Building and Living Business Area until 2014. Has held several managerial positions in paper and wood products businesses. Chairman of Finnish Wood Products Industry Association. Member of the Board of Tornator. Member of the supervisory board of Varma Mutual Pension Insurance Company.

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Appendix 1

Due to differences between the Swedish and Finnish legislation, governance code rules and corporate governance practices Stora Enso's Corporate Governance deviates in the following aspects from the Swedish Corporate Governance Code:

- Rule 1.3 The company's nomination committee is to propose a chair for the annual general meeting. The proposal is to be presented in the notice of the meeting.
 - » According to Finnish annual general meeting (AGM) practice, the Chairman of the Board of Directors opens the meeting and proposes the chairman. The proposed chairman is normally an attorney-at-law.
- Rule 2.1 The nomination committee is also to make proposals on the election and remuneration of the statutory auditor.
 - » The Financial and Audit Committee prepares these proposals for shareholder approval in line with the Finnish Code.
- Rule 9.1 The board is to establish a remuneration committee, whose main tasks are to monitor and evaluate the application of the guidelines for remuneration that the annual general meeting is legally obliged to establish, as well as the current remuneration structures and levels in the company.
 - Rule 10.3 No later than two weeks before the annual general meeting, the board is also to report the results of the evaluation required by bullets two and three of Code rule 9.1 on the company's website.
 - » In accordance with Finnish law, the remuneration of the CEO and management is the responsibility of the Board of Directors. The guidelines for and information on remuneration are presented in this Corporate Governance Report and the company's webpages.
 - Rule 9.7 The shareholders' meeting is to decide on all share and share-price related incentive schemes for the executive management.
 - » The incentive schemes are established by the Board of Directors. If the programmes include the issuance of new shares or disposal of shares held by the Company then the programme will be subject to shareholder approval. Current programmes of the Company do not include such elements.

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