

Progress Book

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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This is Stora Enso

With our foundation in wood-based materials and solutions, Stora Enso is in a key position to drive development in line with the global trends and create customer and end-consumer value in the bioeconomy. We believe that everything that is made from fossil-based materials today can be made from a tree tomorrow.

Our materials are renewable, reusable and recyclable. They form the building blocks for a range of innovative solutions in packaging, wooden construction and biomaterials that can help replace products based on fossil fuels and other non-renewable materials. We make every effort to use 100% of a tree, for the board, timber, paper and other products, as well as bioenergy. In production, we are driving down the use of fossil fuels and pushing towards carbon neutrality as much as it is technically and commercially feasible. We practice and promote sustainable forestry and work to ensure that more trees are planted than are harvested.

EUR 10.0 billion
Sales

EUR 1 004 million
Operational EBIT

26 000
Employees

30
Countries

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Divisions in brief



Consumer Board

The ambition of the Consumer Board division is to be the global benchmark in high-quality virgin fibre cartonboard and the preferred partner to customers and brand owners in the premium end-use packaging and graphical segments. Our wide board and barrier coating selection is suitable for the design and optimisation of packaging for liquid, food, pharmaceutical and luxury goods.



28% share of group operational EBIT



Packaging Solutions

Packaging Solutions division provides fibre-based board materials and corrugated packaging products and services designed for a wide array of applications. Our renewable high-end packaging solutions serve leading converters, brand owners, and retailers across multiple industries looking to optimise performance and drive innovation.



17% share of group operational EBIT



Biomaterials

Biomaterials division offers a wide 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 the wood as well as other kinds of lignocellulosic biomasses. The extracted sugars and lignin hold potential for use in a range of applications.



26% share of group operational EBIT



Wood Products

Wood Products division provides versatile wood-based solutions for building and housing. Our product range covers all areas of construction, including massive wood elements and wood components. We also offer sawn timber goods, and pellets for sustainable heating. Our customers are mainly merchants and retailers, industrial integrators, and construction companies.



11% share of group operational EBIT



Paper

Paper division provides best-in-class paper solutions for the print media and office use. The wide selection covers papers made from virgin wood and recycled fibres. Our main customer groups include publishers, retailers, printing houses, merchants, converters, and office suppliers. We create value for our customers by providing competitive products and services that meet their quality and sustainability requirements.



13% share of group operational EBIT

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Stora Enso in 2017

In 2017, Stora Enso has made a step change in its transformation towards a renewable materials growth company. The transformation projects continue to deliver and contribute to solidifying our position in the bioeconomy.

01



Key events

- 01 Successful ramp-ups of Beihai Mill in China and Varkaus kraftliner mill in Finland.
- 02 Starting first commercialisations of intelligent packaging.
- 03 The first commercial delivery of lignin from Sunila Mill was shipped.

02



03



Stora Enso
is creating
a renewable future
in the bioeconomy.

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Combatting global warming

As the first forest products company, we set science-based greenhouse gas reduction targets in line with the 2°C limit set by the Paris Agreement.



The commercialisation of biocomposites is ongoing. Stora Enso is collaborating with startups to replace fossil-based materials.



Our transformation strategy continues to deliver sustainable profitable growth: four consecutive quarters of sales growth.



Stora Enso continues to develop products based on micro-fibrillated cellulose (MFC) to meet the customer demand for lighter and more durable packaging.

14.3%
Operational ROCE excl. transformational investment projects

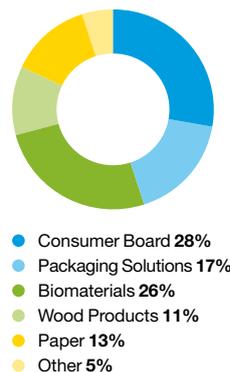
71%
of sales from growth businesses

Key figures

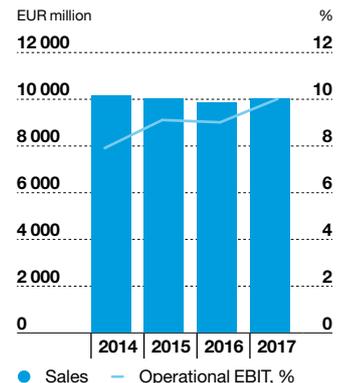
| EUR million | 2017 | 2016 | 2015 | Change % 2017-2016 |
|----------------------------------|--------|-------|--------|-----------------------|
| Sales | 10 045 | 9 802 | 10 040 | 2.5% |
| Operational EBITDA ¹ | 1 587 | 1 463 | 1 501 | 8.5% |
| Operational EBIT | 1 004 | 884 | 915 | 13.6% |
| Operational EBIT margin | 10.0% | 9.0% | 9.1% | |
| Operating profit (IFRS) | 904 | 783 | 1 059 | 15.5% |
| Net profit for the period | 614 | 407 | 783 | 50.9% |
| Net interest-bearing liabilities | 2 253 | 2 726 | 3 240 | -17.4% |
| Operational ROCE, % | 11.9% | 10.2% | 10.6% | |
| EPS (basic), EUR | 0.79 | 0.59 | 1.02 | |
| Debt/equity ratio | 0.38 | 0.47 | 0.60 | |

¹ Restated due to a change in group's operational EBITDA definition. See more in the [Financial Report](#).

Operational EBIT



Sales and operational EBIT



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Serving markets around the world

Stora Enso operates worldwide and focuses 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.

Europe

88%
Sales by origin

88%
Purchases by region

USA

Stora Enso has a pilot facility in Danville, Virginia to develop technologies for the conversion of biomass into highly refined sugars and lignin. First commercial deliveries from the xylose demo plant in Raceland, Louisiana, are expected during 2018. These new technologies will enable the development of sustainable replacements for fossil-based materials in various industries.

Division: Biomaterials

South America

Brazil

Latin America is important for Stora Enso's strategy of obtaining low-cost pulp from tree plantations. In Brazil, we own 50% of Veracel Celulose pulp mill as part of a joint operation with Fibria. Our share of the eucalyptus pulp is mostly used in our paper and board mills. Veracel also owns land, around half of which is former pasture lands planted with eucalyptus. The other half is dedicated to protecting local biodiversity by restoring the natural Atlantic rainforest.

Division: Biomaterials

Uruguay

The Montes del Plata pulp mill is a joint operation between Stora Enso and Arauco. Stora Enso's share is sold entirely as market pulp, mainly in Europe and Asia. Montes del Plata's tree plantations are also utilised as pastures by local farmers through land rental schemes.

Division: Biomaterials

100

Employees in the USA

South America

7%
Sales by origin

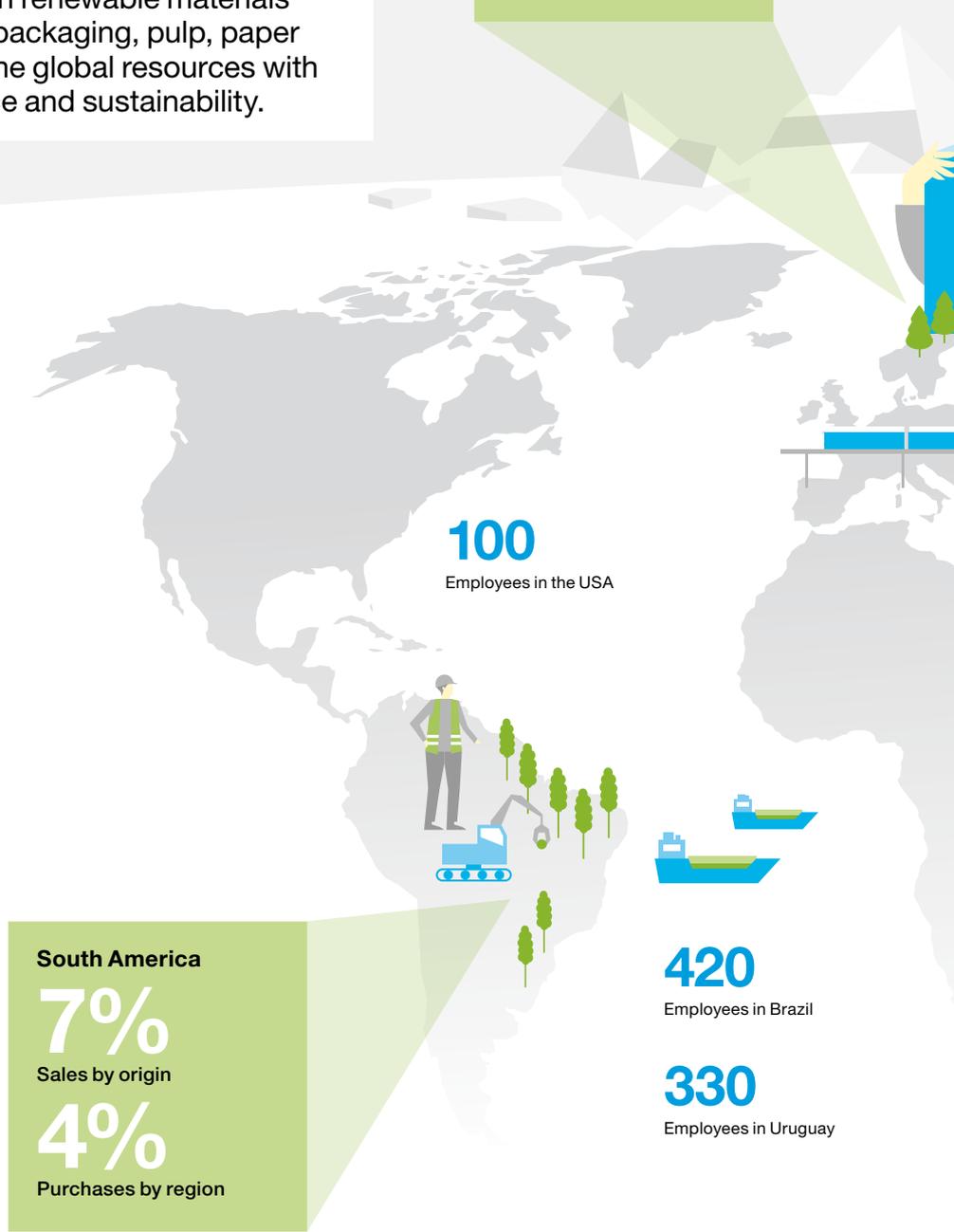
4%
Purchases by region

420

Employees in Brazil

330

Employees in Uruguay



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6 700

Employees in Finland

5 100

Employees in Sweden

2 000

Employees in Poland

1 100

Employees in Germany

1 100

Employees in Russia

3 800

Employees in other European countries

Europe

Stora Enso's head office is in Helsinki, Finland. Most of the group's sales and operations take place in Europe, where we are a leading producer of packaging board and solutions, pulp, wooden products and paper. Stora Enso has three research centres in Imatra (Finland), Karlstad (Sweden), and Mönchengladbach (Germany), and two innovation centres in Stockholm and in Helsinki. In Northern Europe, we source most of our main raw material – wood – from private forest owners and our forest associates Bergvik Skog and Tornator.

Divisions: Consumer Board, Packaging Solutions, Biomaterials, Wood Products, Paper

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.

Divisions: Wood Products, Packaging Solutions

Asia

China

The demand for Stora Enso's products, especially consumer board, is growing fast in China. In 2017, our new consumer board mill continued to ramp up in Beihai, in the Guangxi region, where our operations also include eucalyptus plantations. In addition, Stora Enso has three packaging plants and operates one joint operation paper mill.

Divisions: Consumer Board, Packaging Solutions, Paper

Laos

Stora Enso has a trial plantation in Laos that combines the growing of eucalyptus trees with food production. Our focus on sustainability includes an agro-forestry model that enables local villagers to safely grow food on the plantation.

Unit: Wood Supply

5 300

Employees in China

130

Employees in Laos

Asia

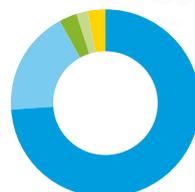
5%

Sales by origin

8%

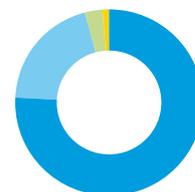
Purchases by region

Sales by destination



- Europe 74%
- Asia 18%
- North America 3%
- South America 2%
- Other 3%

Personnel by region



- Europe 76%
- Asia 20%
- South America 3%
- Other 1%

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How we create value as a renewable materials company

Replacing the use of fossil-based resources with renewable raw materials is the foundation for a sustainable bioeconomy. Stora Enso's products contribute to a low-carbon circular economy, in which materials are reused and recycled, while waste is minimised, to maximise environmental, social, and financial added value.

Inputs

Natural

- Fibre from forests and plantations
- 37.5 million m³ of wood
- Pulp and Paper for Recycling
- Fuels 151 000 TJ (82% biomass)
- Electricity 12.9 TWh (42% generated internally)
- Water withdrawal 595 million m³ (process and cooling)

Human

- 26 000 employees
- Personnel turnover 14.6%

Financial

- Debt/equity ratio 0.38
- Capital employed EUR 8 308 million
- Capital expenditure EUR 640 million

Manufactured

- More than 60 production units in nearly 20 countries
- Over 20 000 suppliers

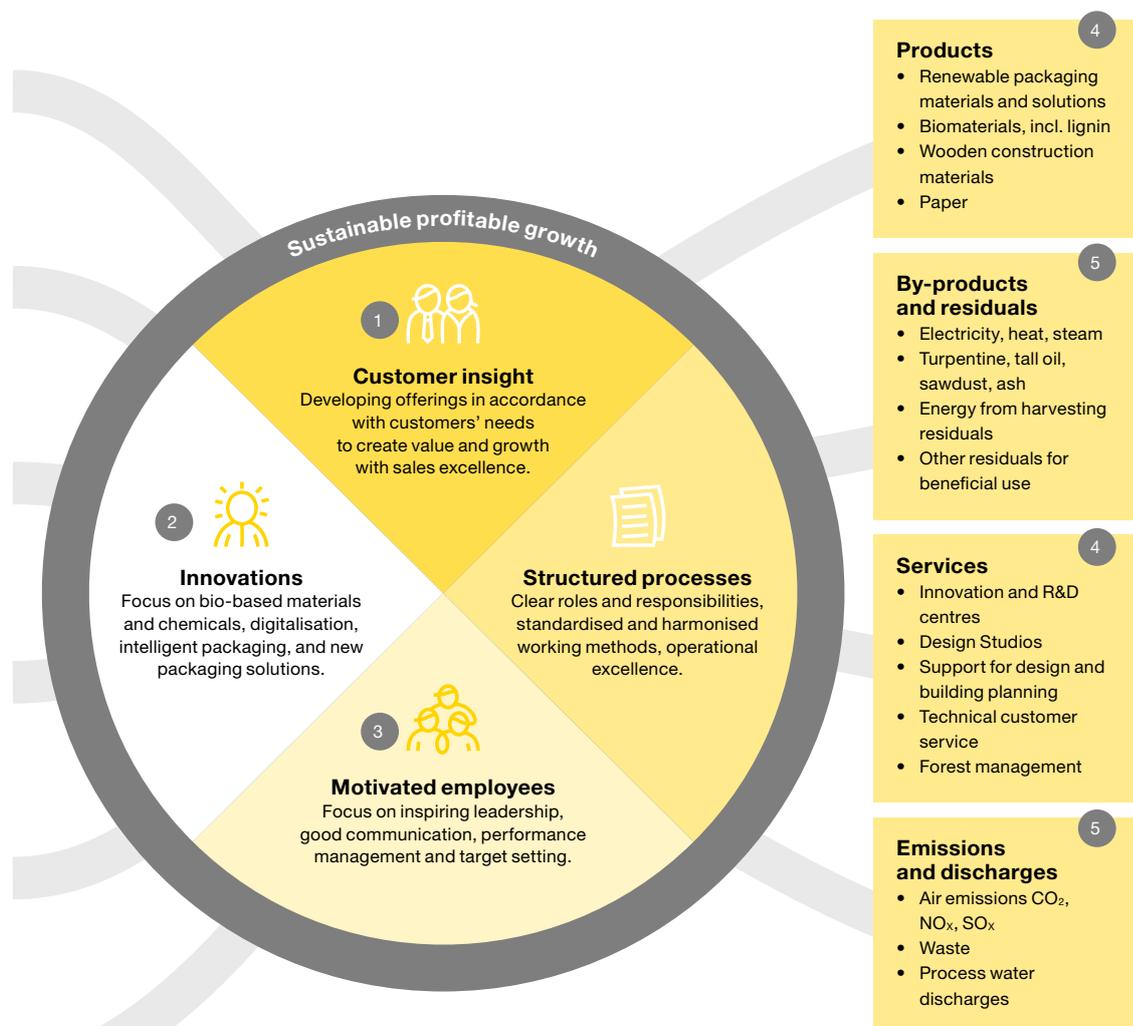
Intellectual

- Patents, brand, competence
- Service concepts
- Partnerships with Aalto University, Chalmers, KTH
- Leadership development
- Collaboration with startups through Accelerator Programme

Social/relationship

- Safety of employees and wider workforce
- Health and well-being
- Human rights work
- Community and stakeholder relations
- Collaboration with partners

Strategy



CO₂: Trees absorb CO₂ and store carbon together with wood-based products.

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Impacts



Financial 6

| Stakeholders | Economic value (EUR million) | | |
|---------------|--|--------|-------|
| | 2017 | 2016 | |
| Customers | Sales | 10 045 | 9 802 |
| Suppliers | Payments to suppliers | 6 913 | 6 753 |
| | Capital expenditure | 640 | 729 |
| Employees | Wages, benefits, and pensions | 1 331 | 1 334 |
| Creditors | Interest | 143 | 151 |
| Public sector | Taxes borne and collected ¹ | 1 236 | 1 241 |
| Shareholders | Dividends | 292 | 260 |

¹ For more information on Stora Enso's tax footprint, read more in the [Financial Report](#).

Social 7

- Indirect and direct employment
- Human rights impacts
- Value creation with local communities
- Total recordable incident rate (TRI) 7.7
- Employee development
- 95% of supplier spend covered by Supplier Code of Conduct
- Renewable energy for surrounding communities

Environmental 5

- Replacing non-renewable materials with renewable alternatives
- Bioenergy helps reducing fossil CO₂ emissions
- Substitution effect: avoided emissions through use of renewable products instead of fossil-fuel based materials
- Trees absorb and products store carbon
- Enhancing recycling (26% utilisation rate for Paper for Recycling)
- Utilisation rate for process residuals and waste 98%
- Promoting sustainable forestry - 92% of lands owned and managed covered by certification

Explore the value chain in our Annual Report

1. We serve many of the world's strongest brands and companies with our renewable solutions.
 - > Read more from page 28 onwards.
2. Innovation work at Stora Enso is concentrating on finding renewable solutions to replace fossil-based materials in packaging, building construction and in industrial intermediate chemicals.
 - > Read more on page 19.
3. Winning culture in Stora Enso is driven by motivated employees and investments in leadership.
 - > Read more on page 23.
4. Our wood-based products are used by customers in various industries and across continents.
 - > Read more on pages 31, 35, 39, 43, and 47.
5. How does Stora Enso combat global warming? Get familiar with our approach to sustainable forestry, and to materials, water, energy, and carbon dioxide.
 - > Read more in the Sustainability Report.
6. Stora Enso's financial performance in 2017 shows that our transformation has proven successful.
 - > Read more in the Financial Report.
7. The social agenda of our sustainability approach covers three topics: Employees and wider workforce, Community, and Business Ethics.
 - > Read more in the Sustainability Report.

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A step change in our transformation

Stora Enso and the forest industry play an important role in driving a fossil-free future via the bioeconomy. In 2017, megatrends like global warming, increased urbanisation and ecoawareness, continued to affect our industry and consumer demand. Pressure continued to rise to manage the planet's resources more sustainably. Stora Enso responded to the challenge by bringing new products to the markets, based on renewable, recyclable and fossil-free wood fibres.

Steady topline growth

During 2017, we saw a step change in our transformation – our strategy is paying off. We had four consecutive quarters of sales growth, and our sales increased by 2.5%, or 8.5% excluding the paper business. This was achieved mainly through our recent strategic investments: Beihai consumer board mill in China, modernisation and expansion of the Murów sawmill in Poland, the laminated veneer lumber (LVL) and kraftliner mills in Varkaus, Finland, and

also improvements in our China Packaging unit. We reached a clearly improved profitability with an operational EBIT that was almost 14% higher than last year. We have also achieved a greater return on capital employed. If we leave out the Beihai operations, we are already at an operational ROCE of 14.3%, well above our target of over 13%. Our cash flow was strong, even though it was slightly below the record high level of last year. We have a very strong balance sheet with a net debt to operational

EBITDA of 1.4. All our growth businesses reached clearly higher margins. With our Profit Improvement Programme, we are targeting cost-savings of EUR 50 million and an improvement to our fixed-costs-to-sales ratio, which was 25.1%, while our target is below 20%.

Improved profitability for growth businesses

As proof of the steadily growing momentum of the bioeconomy and of increasing

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In the Biomaterials division, we are focused on differentiating the pulp offering, while also extracting more value from the wood by exploring new platforms for growth in lignin, textiles, and bio-based chemicals.

Reaching key financial targets

| EUR million | 2017 | 2016 | 2015 | Target | Performance against target |
|--|-------|-------|-------|------------------------|----------------------------|
| Payout ratio ¹ , % | 52% | 63% | 32% | See below ² | ● |
| Operational ROCE, % | 11.9% | 10.2% | 10.6% | >13% | ● |
| Debt/equity ratio | 0.38 | 0.47 | 0.60 | <0.80 | ● |
| Net sales growth ³ , % | 8.5% | 3.1% | 4.6% | | |
| Net debt/last 12 months' operational EBITDA ⁴ | 1.4 | 1.9 | 2.3 | <3.0 | ● |
| Fixed costs/sales | 25.1% | 25.3% | 25.0% | <20% | ● |

¹ Dividend per share / EPS.

² To distribute 50% of net income over a cycle.

³ Excluding the paper business and the divested businesses.

⁴ Restated due to a change in group's operational EBITDA definition.

● Achieved
● Not achieved

demand for environmentally friendlier solutions, we are experiencing accelerated growth in the packaging, wood products and biomaterials businesses.

Consumer Board division is expanding in key markets with renewable consumer packaging based on liquid packaging board, folding box board, and coated unbleached kraft board. Our Packaging Solutions division continues to develop competitive packaging products and services, particularly in connection with expanding e-commerce. Interest in advanced wood products and building systems is intensifying as our Wood Products division works to deepen understanding of wood-based construction and to facilitate the application of it. In the Biomaterials division, we are focused on differentiating the pulp offering, while also extracting more value from the wood by exploring new platforms for growth in lignin, textiles, and bio-based chemicals. The Paper division remains a strong cash generator, concentrating on select product segments and improvements in efficiency.

Stora Enso adds expertise in renewable raw materials, design, production, and logistics to help our customers succeed and to support a sustainable supply chain.

To all this, Stora Enso adds expertise in renewable raw materials, design, production, and logistics to help our customers succeed and to support a sustainable supply chain.

Investments to enhance sustainable growth

Our aim in the bioeconomy is to fully leverage renewable forest and plantation

biomass, and this is seen also in our capital allocations. Recent investments in the consumer board mills at Imatra, Ingerois and Fors support the continued development and commercialisation of micro-fibrillated cellulose (MFC). At Hylte Mill, we are building a new production line to manufacture biocomposite granules. The ongoing investment in a new production unit for cross laminated timber (CLT) at Gruvön Mill supports the creation of products for wooden building. Our Enocell Mill will be converted to focus entirely on the production of dissolving pulp to respond to the growing demand in the textile industry. The recent investment at Beihai is particularly significant to our ability to support increasing demand in China for sustainable and consumer-tailored board packaging.

Focus on sales and innovation

Stora Enso is increasingly concentrating on innovation, collaboration and development with customers, partners and startup companies to reap the opportunities and benefits of the

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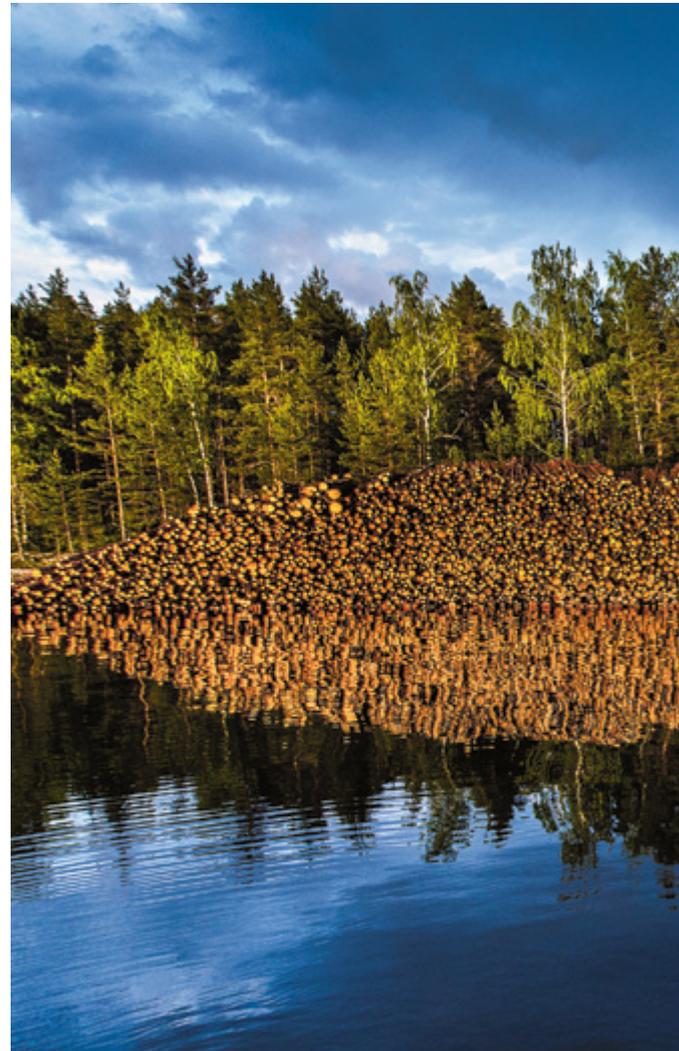
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Stora Enso is the first forest products company to set ambitious science-based greenhouse gas emission reduction targets to address significant emissions along the company's value chain.

EUR 0.41
Dividend proposal per share

EUR 0.79
Earnings per share

Close to 7%
of sales came from new products and services



bioeconomy. Drivers for sustainable profitable growth include next-generation packaging solutions, MFC, biobarriers, biocomposites, dissolving pulp, building components and systems, intelligent packaging, digitalisation, lignin, and future bio-based chemicals. We aim to introduce new products and services faster than the competition, and to reach attractive end-use segments. Close to seven percent of our sales in 2017 came from new products and services, which is almost twice compared to 2016.

We have many examples of how our bio-based materials and components can support a renewable future. With MFC, packages can be made stronger and lighter to reduce the amounts of fibre, water, energy and transport needed. Wooden buildings and constructions store carbon and provide an alternative to concrete and steel, both of which have a heavy carbon footprint. Biocomposites

reduce the need for fossil polymers used in plastics, and lignin can replace oil-based phenol in glues. Digitalisation gives us the chance to make operations more efficient, using innovations such as intelligent packages that can not only protect products but also reduce waste.

Combating global warming

A bioeconomy can be possible over the long term only if it is sustainable. Sustainable forest management safeguards forest health and productivity, helps combat global warming, and conserves natural ecosystems. At the same time, it secures the long-term availability of renewable resources. In 2017, 92% of the lands we own or lease were covered by forest certification.

For over a decade, Stora Enso has actively reduced the energy intensity of its operations, and its dependency on fossil fuels. In 2017,

80% of the total CO₂ emissions from our own operations were carbon neutral. We are determined to drive down fossil fuel use even more within the next ten years, to get as close to zero as possible using technically and commercially feasible means. I am proud that Stora Enso was the first forest products company to set ambitious science-based greenhouse gas emission reduction targets to address significant emissions along our value chain. Our targets have been approved by the Science Based Targets initiative.

We have made steady progress in doing our part to combat global warming, in 2017, our CO₂ emissions per saleable tonne of board, pulp, and paper were 40% lower than the 2006 benchmark level.

Respecting human rights

In 2017, we also concluded our Human Rights Action plan and implemented a community

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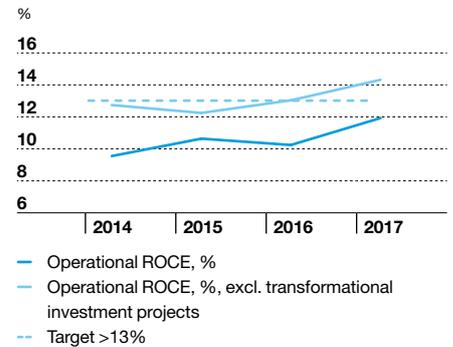
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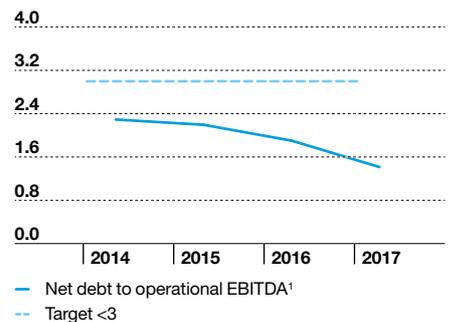
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Operational ROCE



Net debt to operational EBITDA¹



¹ Restated due to a change in group's operational EBITDA definition.

We aim to introduce new products and services faster than the competition, and to reach attractive end-use segments.

investment framework based on globally recognised framework so as to be able to contribute to the vitality and resilience of the communities living near our mills and forestry operations.

We are committed to the UN Global Compact's ten principles and to the UN Guiding Principles on Business and Human Rights. Our work to integrate the UN

Sustainability Development Goals (SDGs) into our strategy continued in 2017. In 2018, we will conclude this assessment and set out a roadmap for the prioritised SDGs that are most relevant to Stora Enso.

Strengthened focus on safety

Our continued success and growth depends greatly on people. We continue our work to further develop leaders. Linking innovation and customer focus with executive development, we launched the Accelerator programme this year in co-operation with selected startups. Across the company, we work systematically to deepen employee engagement, instill responsible business practices, and above all to ensure that everyone works safely every day. I was very sad to see that our lost-time accident rate increased from 2016. We are implementing a new Safety Roadmap to drive a step-change in performance.

Road to success in the bioeconomy continues

We are fortunate to have a raw material that is renewable, reusable, and fossil-free – and critical for the future. We are privileged to work with customers across many industries. Building on this, Stora Enso will continue to innovate and develop new sustainable products and solutions together with our customers. Together we can take steps which contribute to safeguarding the planet.

As always, I would like to thank all our partners, suppliers, and employees for their contributions throughout 2017, and our customers and investors for their valued trust.

Karl-Henrik Sundström
Stora Enso's CEO

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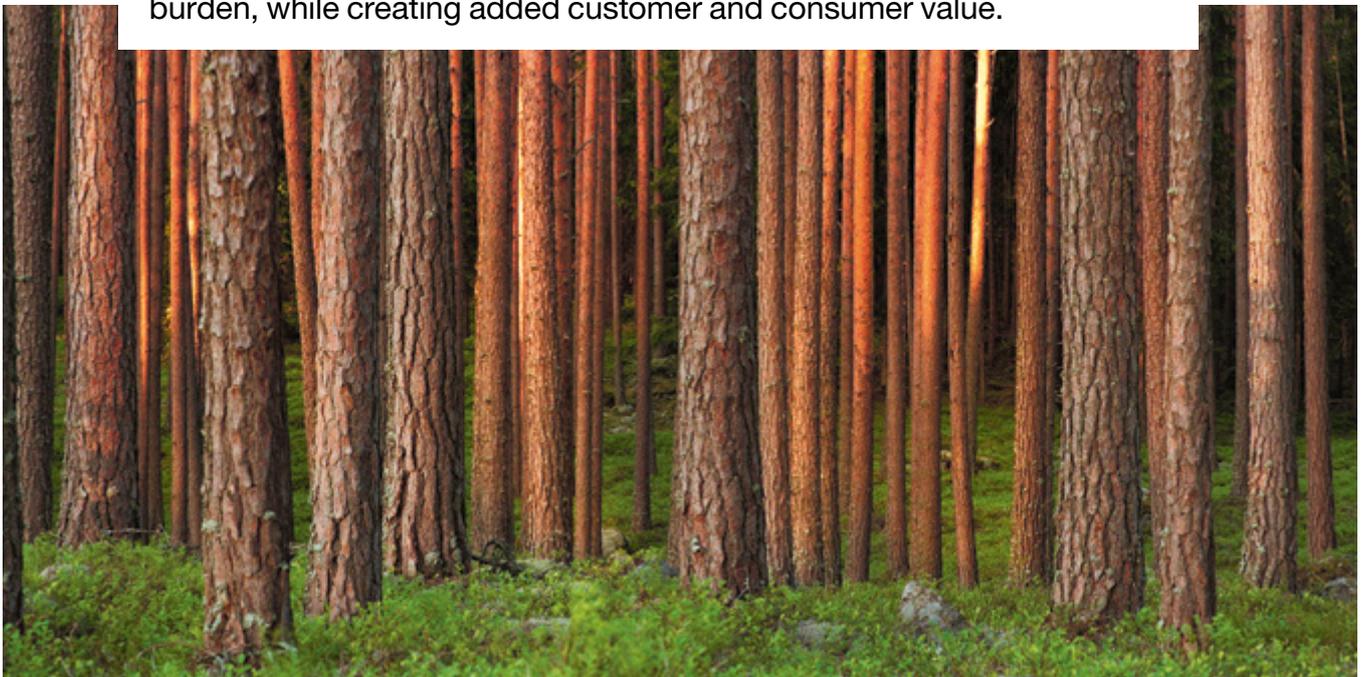
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Road to success in the bioeconomy

The bioeconomy brings many opportunities to reduce the environmental burden, while creating added customer and consumer value.



The demand for food, clothing, housing, energy, infrastructure and consumer products continues to increase, driven by global megatrends such as population growth, urbanisation, rising incomes, and changing lifestyles. More people and more consumption mean that the planet's resources are being stretched even further. It is clear that an economy based on fossil fuels and other non-renewable materials is not viable as a long-term option. The products based on them create massive amounts of harmful waste and plastics in the sea that can take generations to degrade. Combined with global warming, these challenges are increasing consumer and industrial demand for new solutions.

In response, the transition to a bioeconomy is high on the agenda in helping to combat global warming, reduce dependence on fossil-based raw materials, and use resources as efficiently as possible. With bio-based, renewable, recyclable and

fossil-free wood fibres as our foundation, Stora Enso has an important role to play in the bioeconomy. Our customers want help in replacing non-renewable materials in for instance packaging, construction and chemistry with renewable materials. This is also in line with what new generations of consumers are requesting.

One of Stora Enso's key strategic targets is to deliver sustainable profitable growth and generate superior return on capital employed (ROCE). We focus on offering innovative products and services to our customers. This is expected to lead to faster growth than relevant markets for our growth divisions Consumer Board, Packaging Solutions, Wood Products, and Biomaterials.

We have recently invested in the further development of lignin, micro-fibrillated cellulose, and biocomposites, as well as expanding liquid packaging board production. The aim is to meet the industrial and consumer demand for sustainable solutions.

We are working on packaging to fit consumer needs in modern lifestyles, and for reducing waste and replacing plastics. Wooden buildings and constructions can store carbon and provide an alternative to concrete and steel. The potential of wooden buildings is driven by several factors, foremost among them population growth, continuing urbanisation, and consumers' growing preferences for sustainable alternatives. With biocomposites, we can reduce the need for fossil polymers, and with lignin we can replace phenol in glues.

Speed is also critical, not only because of the urgency of the bioeconomy. Stora Enso wants to be the first out with new products and services, responding to changing consumer trends and supporting customers throughout the value chain while also helping to lessen the burden on the environment. Improvements in efficiency on many fronts are also bolstered significantly by digitalisation.

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Accelerating our renewable future

In response to customer preferences and prevailing megatrends, our strategy is sustainable and profitable growth based on customer insights and innovation. This strategy is supported by structured processes and motivated employees.



- 01 A winning strategy depends greatly on our people – this is our greatest asset.
02 Transformation projects, such as Beihai Mill, solidify our position in the bioeconomy.

We believe that everything that is made from fossil-based materials today can be made from a tree tomorrow. Stora Enso's strategy of transforming into a renewable materials growth company ensures that we can continue to deliver sustainable profitable growth. Four of our divisions are growing, while our Paper division is focused on cash generation. We will continue to invest in attractive segments, keeping investment at the level of depreciation. The focus of our transformation is on improving sales and innovation.



Customer insight

We work closely with customers to understand their strategies and devise the best solutions for them. These efforts are supported by innovation centres, research and development, technical customer service, sales and product management. Interest in renewable bio-based solutions is growing rapidly, bolstered by steadily increasing consumer demand for sustainability. This demand is focused not only on the materials used but also on manufacturing and logistics.

We are developing solutions based on customer insight and collaboration in many areas. Examples are intelligent packaging, building information modelling (BIM) and other online tools for builders and architects, e-TALES by Stora Enso packaging portfolio for e-commerce markets, and Natura Life by Stora Enso, which is our new natural brown unbleached paperboard. Digitalisation will enable new customer experiences and new data-driven improvements in sales.



Innovations

Driven by customer and end-consumer insight, we are focused on how we can leverage renewable forest or plantation biomass and fully capture innovative opportunities in wooden construction, packaging, hygiene products, textiles, and bio-based materials and chemicals that can be building blocks for fossil-free products.

Digitalisation spans all our operations. It will enable us to optimise raw material sourcing, production, and supply chain. It will also strengthen customer collaboration and sales through the ability to analyse, manage and act on data for added insight into and understanding of market trends.



Structured processes

We continue to refine our processes and methods to simplify ways of working and ensure the best possible service for our customers. Product management as well as advanced sales and operational planning support strategic and business planning, customer focus, and integration in the divisions. In the digital world, the marginal cost is zero.



Motivated employees

In order to deliver on our strategy and offer a superior customer experience with flexibility, speed and focus, Stora Enso has a number of programmes for leadership and employee engagement. This is underlined by our purpose and values, open communication, clear business ethics and commitments to occupational health and safety. Through our annual employee survey, we closely measure and take action on key performance indicators for leadership, engagement, team efficiency, and key strategic themes.

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01

- 01 Carbon is stored in many things you use on a daily basis, such as food containers, newspapers, and wooden buildings. Choosing wood- or fibre-based products can help combat global warming.
- 02 Sustainable forest management ensures that new generations of trees replace those that are logged.



02

Sustainable profitable growth in all dimensions

With renewable and recyclable materials as well as a range of solutions which can replace products based on fossil fuels and other non-renewable materials, Stora Enso is uniquely positioned in the bioeconomy.

We continue on our path to be a global growth company in the creation and use of renewable materials, and a preferred partner, leader in our field, and a respected member in the societies where we work. By continuing our progress towards all these goals, we will bring value to our customers, employees, investors, suppliers, media, and other stakeholders.

Sustainability highlights

Our Sustainability Agenda encompasses the social, environmental and economic responsibility of our operations throughout the value chain.

Use of renewable materials helps us contribute to bringing about a low-carbon economy. Through technically and commercially feasible means, Stora Enso is thoroughly committed to driving down the use

of fossil fuels even more within a decade to get as close to zero as possible.

Sustainable forest management is a cornerstone of a successful bioeconomy. We are committed to forest certification and wood traceability, and always ensure that the wood, chips, sawdust, and externally purchased pulp we use come from sustainably managed sources.

Integral to all our sustainability work is respect for Human Rights and commitment to promoting and safeguarding them. We strive to align our work with the United Nations' Guiding Principles on Business and Human Rights. Our Human Rights Action Plan, developed in 2015, was concluded at the end of 2017. A well-defined Community Investment framework is intended to support communities close to the sources of our fibre, mills and other units, as well as our ambition

to be attractive as a socially responsible employer.

We are constantly innovating to improve resource efficiency and to make profitable use of materials that would otherwise end up as waste. Most of our board, pulp, saw and paper mills use biomass in their internal energy production, in addition to externally purchased energy.

Stora Enso depends on goods and services purchased from more than 20 000 suppliers around the world. We strive to build strong relationships with suppliers who can contribute to our ability to work efficiently, innovate, and create superior customer value. We stress the importance of sustainability with every supplier. Our suppliers are expected to follow Stora Enso's Supplier Code of Conduct and the applicable legal requirements.

Our safety roadmap is focused on improved governance, enhanced metrics and learnings for control and compliance, and on building leadership and best practices through training at all levels. We aim to ensure that all units meet safety requirements and promote accident-prevention activities.

- > Read more about our sustainability work in the [Sustainability Report](#).

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Ecoawareness is a strong driver for consumer demand for packaging based on renewable materials.

Capital expenditure

- Stora Enso aims to keep investments at or below the level of depreciation and the operational decrease in the value of biological assets over the business cycle.
- We allocate EUR 250–300 million annually to continue growth and to enable growth businesses to grow faster.
- Stora Enso's capital expenditure in 2017 was EUR 640 million, while depreciation and the operational decrease in the value of biological assets totalled EUR 583 million.

Shareholder return

- Stora Enso's dividend policy is to distribute half of the group's net profit over a business cycle to the shareholders as dividend.

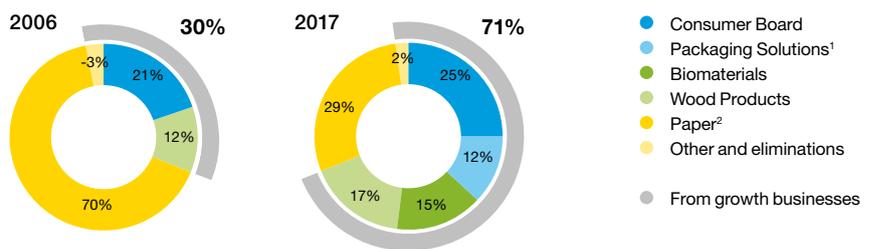
Our values:

Lead. Do what's right.

Our purpose:

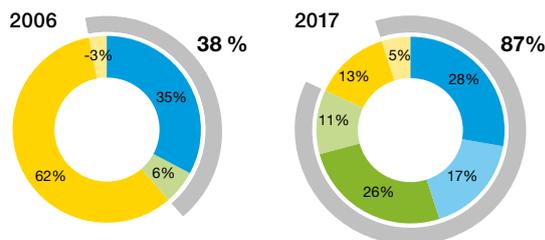
Do good for people and the planet. Replace fossil-based materials with renewable solutions.

Sales



¹ In 2006 in Consumer Board
² In 2006 includes merchants

Operational EBIT



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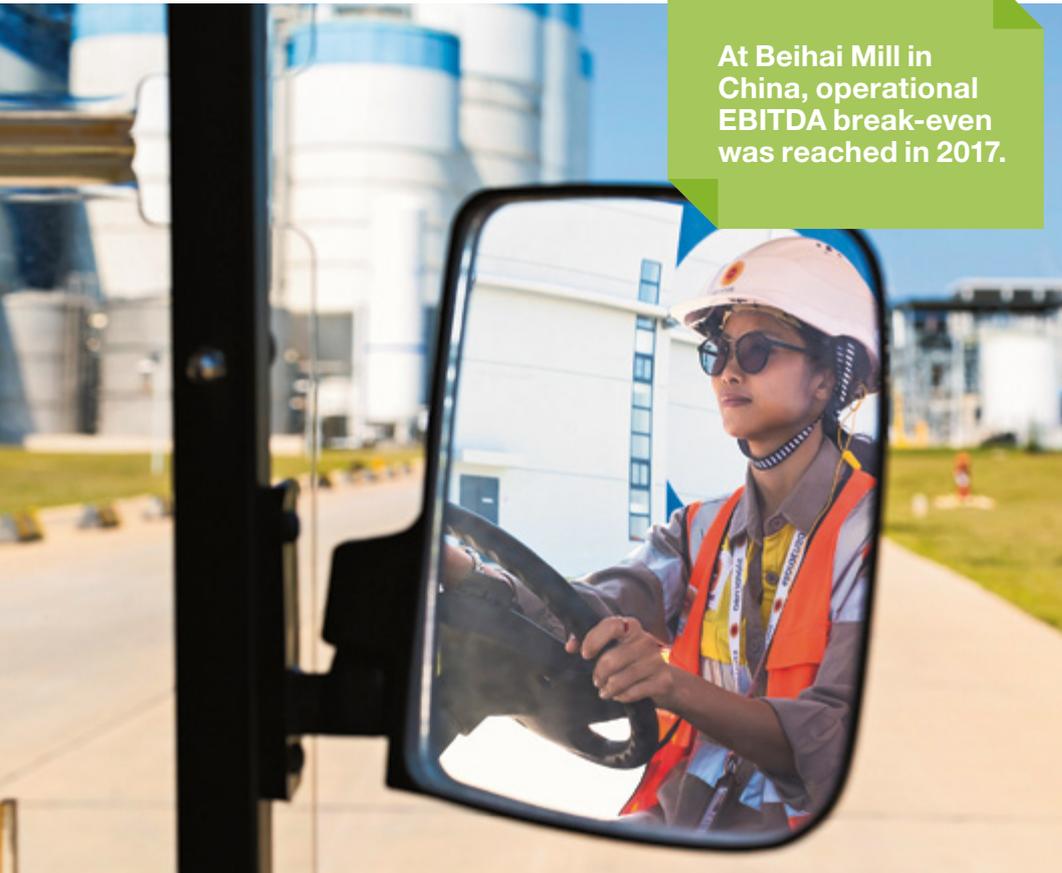
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Progress in 2017

Stora Enso's strategy of transforming into a renewable materials growth company ensures that we can continue to deliver sustainable profitable growth.



At Beihai Mill in China, operational EBITDA break-even was reached in 2017.

Investments in renewable materials of the future

The investment in biocomposite granules at Hylte Mill in Sweden will enable the use of renewable wood, thereby substituting a major share of the fossil-based materials in products typically made of plastics.

Enocell Mill in Finland will be converted to produce dissolving pulp, used as a raw material replacing cotton and fossil-based materials, such as polyester, in textile manufacturing.

The investment in chemi-thermomechanical pulp at Imatra Mills in Finland will drive the commercialisation of micro-fibrillated cellulose (MFC). With its high strength and 100% renewable raw materials, MFC is designed to reduce the weight of packaging board and outperform the fossil-based materials, such as plastics, in a variety of applications.

Building a new line for cross laminated timber (CLT) at Gruvön Mill in Sweden will support our strategy for increasing the usage of wood as a building material.

In response to the increased demand for high quality fluting products, the investment at Heinola Mill, Finland, will improve the quality and increase the production capacity of the AvantFlute SC by Stora Enso products, specially developed for demanding applications in food, fruit and vegetable packaging.

Non-core asset divestments continued

A number of companies were divested throughout the year, namely Bulleh Shah Packaging Ltd, a packaging manufacturer in Pakistan; Formeca Oy, a manufacturer of machines for automated packaging lines; Stora Enso Re-board AB, a producer of rigid paperboard for expositions and displays; Puumerkki, a wholesaler of wooden building materials; and the board sheeting centre in Baienfurt.

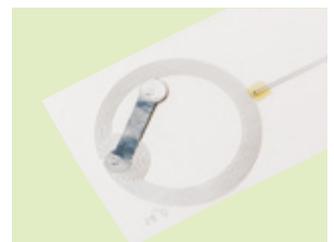
Transformational investments are paying off

Steady progress in the transformation projects turned into a profitable sales growth. Beihai Mill in China, the Varkaus kraftliner and laminated veneer lumber (LVL) mill in Finland, and the modernised sawmill in Murów, Poland, have accelerated our transformation towards a renewable materials growth company.



Strengthening competencies with Accelerators

Stora Enso's Accelerator programme combines an executive education programme with startup accelerator in collaboration with Vertical and Aalto University Executive Education in Finland, and is designed to identify startups that can create major disruptive innovations to Stora Enso's value chain.



Cloud-based intelligent packaging solutions

Stora Enso joined forces with Microsoft to bring cloud-based intelligent packaging solutions to the customers globally.

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Innovation at the heart of the company

The global megatrends demand a change in the materials used all over the world. Global warming, growing population, urbanisation, digitalisation, expanding middle class, and ecoawareness are all boosting the demand for renewable materials.

Innovation work at Stora Enso concentrates on finding renewable solutions to replace fossil-based materials in packaging, building construction and in industrial intermediate chemicals. Customer insights and collaboration with customers and partners are an integral part of all innovation work at Stora Enso through the entire value chain. Customer requirements together with consumer trends and market analysis are leading the direction for the development of new products to replace the fossil-based alternatives.

Innovations through the whole value chain



Forestry

Forest and plantation management practices are critical to all Stora Enso businesses. End-product competitiveness is closely linked to the selection of the right raw material for the process and product.

New technologies

We believe that by innovating with new technologies there is potential to use trees to produce anything currently made from fossil-based materials. The different fractions of fibre can be made into products that have new potential applications in, among others, adhesives, bioplastics, textiles, food packaging, lightweight structures, energy storage, demanding construction applications, sweeteners and personal care ingredients.

Research and innovation centres

Stora Enso has three research centres in Imatra (Finland), Karlstad (Sweden), and Mönchengladbach (Germany), and two innovation centres in Stockholm and in Helsinki.

Operations

Innovation also involves the aspect of how Stora Enso uses assets and resources and manages the value chain. We constantly improve our processes and use energy, water and other raw materials as efficiently as possible.

Products and applications

Innovation continues in the board and paper products to improve performance properties, reducing weight, costs and environmental impacts. Alternatives to glass, plastic or aluminium packaging are driving many developments in consumer packaging. We are further developing solutions for wood-based construction as a viable alternative to concrete and steel. The innovation work in biomaterials is concentrated on developing renewable materials for phenols, plastics, textiles and personal care, as well as bio-based carbon fibre for lightweight structures and energy storage.

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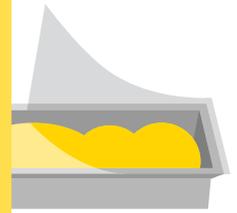
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Innovation through collaboration and customer insight

Biobarriers are one of several solutions Stora Enso is currently looking at to reduce the environmental impact of its liquid packaging board products.



Customer insight driving innovation

The new fully brown paperboard grade for liquid packaging is a good example of utilising customer insight in Stora Enso's R&D work, new product development and optimisation of the product properties.

The brown paperboard is developed in collaboration with the customer based on the brand owner's needs. Unbleached fibres are stronger than bleached fibres, enabling a weight reduction thus reducing the carbon footprint of the product.

The brown colour of the wood fibres creates a naturally different, sustainable and authentic package that meets the demands of the growing trends in ethical, ecological and organic products.

Biobarriers replacing plastics

Barrier coatings, often made from plastics, are typically used to provide fibre-based food packaging with barriers that keep the packaged food or beverage fresh for longer. Stora Enso is working to develop barrier coatings made from biomass to replace fossil-based plastics. We currently already use bio-based plastic produced from a side stream in the sugar cane industry.

Innovation does not happen in isolation

Supporting Stora Enso's innovation strategy, we additionally have a number of co-operation projects with research organisations and academic institutions, such as Aalto University, Chalmers University of Technology, the Royal Institute of Technology, VTT Technical Research Centre of Finland, SweTree Technologies Ltd, and Wallenberg Wood Science Center R&D.

Stora Enso is a member of national, European and trade associations focused on the bioeconomy and forest agendas including Confederation of European Paper Industries (CEPI), Forest Technology Platform (FTP), and the Swedish and Finnish Forest Industry Federations.

Stora Enso is also a member in the EU's Bio-based Industries Consortium (BIC) and the Bio-based Industries Initiative Joint Undertaking, a new partnership within the EU Horizon 2020 research programme.



With lignin, Stora Enso is moving outside the traditional pulp and paper industry.

New bio-based applications

Bio-based lignin is one of the innovation projects for non-traditional products produced today on a commercially viable scale.

Lignin has the potential to replace fossil-based materials in many applications. Refined lignin can replace oil-based phenols which are used in resins for adhesives, for example in plywood and veneer adhesive applications.

In the future, lignin can even be developed into carbon fibre and material to be used in energy storage applications.

MFC commercialisation progressing

Stora Enso was the first company to successfully launch a commercial paperboard packaging containing micro-fibrillated cellulose (MFC) and now continues stepwise scaling up the production volumes.

MFC has numerous possibilities within packaging for source reduction, strength enhancement, light weighting and renewable barrier materials. Stora Enso will continue to focus on source reduction and fibre-based packaging that consumes less raw materials.

In parallel, we are exploring the barrier layers for grease, mineral oil and oxygen, as well as renewable films as a replacement for aluminium in paperboard packaging in the long term.

BIM adding value to the building professionals

Building Information Modelling (BIM) and the digital library will be essential elements of the future building component and system development in Stora Enso. BIM is an intelligent 3D model-based process that supports professionals, such as architects, engineers, city planners and builders in efficient planning, designing, building and managing buildings.

Stora Enso promotes the use of wood for building, and online digital tools help building professionals to increase the usage of wooden pre-fabricated building components. The BIM pilot project was conducted in co-operation with architects, engineering companies and software providers, with customer insights playing a vital part in the development process.

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Biocomposites

Biocomposite granules are a mix of wood fibres, polymers, and additives, and can be used as a raw material for injection moulding and the extrusion of products traditionally manufactured solely from plastic.

Biocomposite granules enable the use of renewable wood to substitute a large portion of the fossil-based materials used in products today. The innovation work on biocomposites concentrates on increasing the amount of natural biopolymers in the composite.

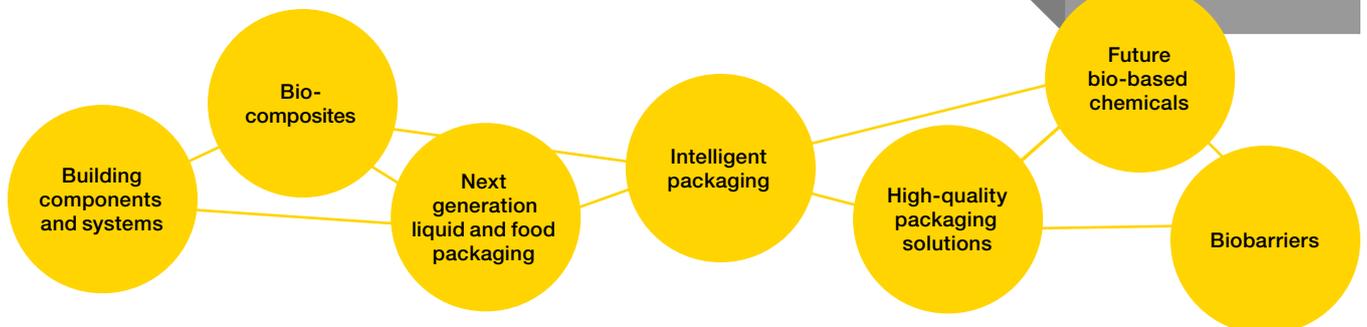
With biocomposites, Stora Enso has the opportunity to expand in the diverse markets and business sectors where plastics have primarily dominated.

Spectators at the Lahti World Ski Championships in February 2017 were able to cheer competitors on with biocomposite stadium horns in which Stora Enso used renewable wood fibres. They demonstrate our ability to provide an innovative and more sustainable alternative to plastics.



R&D expenditure in 2017 was
EUR 127 million.

These are our drivers for accelerating renewable growth



We are developing further in the bioeconomy

| | Product/technology | Customer use examples | R&D | Piloting | Scaling | Fully adopted by markets |
|--|-----------------------------------|---|-----|----------|---------|--------------------------|
| 1 Bio-based chemicals – industrial intermediates | Lignin | Replace phenol | | | ● | |
| | Xylose | Sweetener, personal care | | ● | | |
| | Biomass polymers | Replace oil-based plastic | ● | | | |
| | Dissolving pulp | Textiles, packaging | | | | ● |
| | Modified fibres | Specialty chemicals | ● | | | |
| 2 Replacing fossil materials in products | | Biobarriers in food cartons | | ● | | |
| | Micro-fibrillated cellulose (MFC) | Light-weight board | | | | ● |
| | | Strengthening liner | | | | ● |
| | Biocomposites | Compounding wood fibre with polymers | | | ● | |
| | Lignin carbon fibre | Light-weight structures, energy storage, transportation | ● | | | |
| 3 Enabling innovations of new consumer experiences | Building systems | High rise buildings | | | ● | |
| | Modified wood | Cladding, decking | | ● | | |
| | Nano cellulose | Transparent / electronic programmable / foam / spheres | ● | | | |
| | Digitalisation | Material with in-built monitoring and tracking capabilities for intelligent packaging | | ● | ● | |

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Digitalisation creating a competitive advantage

Stora Enso has an extensive digitalisation programme with the aim to develop a competitive advantage by making full use of the opportunities to drive revenue growth and internal efficiency. We are focusing our efforts on the following areas: Smart operations, Transparent supply chain, New digital services, and Digital customer experience as well as business processes.

Stora Enso has established a programme with external partners to search for technological development initiatives with a clear business purpose. With experimental and fast prototyping, the projects will help to identify and further develop initiatives that will speed up Stora Enso's digital maturity by exploring new technologies and capabilities.

Over 60 digitalisation projects in 2017



Intelligent Packaging

The interest in Stora Enso's intelligent packaging solutions continues to be high.

Intelligent Packaging by Stora Enso integrates RFID (Radio Frequency Identification) technology, which enables the product to be tracked, traced and tamper-proofed throughout the entire supply chain. Moreover, the technology allows communication between the brand owner and the end-user using an NFC (Near Field Communication) enabled smartphone.

Comprehensive data management and analytic capabilities are vital to all intelligent packaging solutions. In 2017, Stora Enso joined forces with Microsoft to bring cloud-based intelligent packaging solutions to the customers globally.

Stora Enso is currently involved in several intelligent packaging projects within diverse industries. Besides external customers, Stora Enso is using more and more RFID technology in our own supply chains.

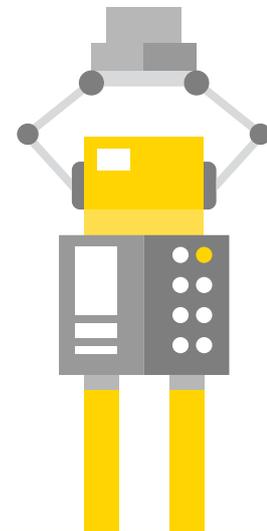
Smarter maintenance

Stora Enso's maintenance company Efora has digitalised business processes with real-time and transparent business process analytics and a common mobile solution with the aim to increase efficiency and precision in mill operations. Smarter maintenance also provides greater efficiency in predictive maintenance.

With the smarter operational processes and new digital tools, accurate maintenance enables fewer and shorter shutdowns on machines with lower costs and improves warehouse handling.

Further development projects are ongoing, for instance, investigating the possibilities of using big data on predictive maintenance as well as augmented and virtual reality solutions.

In 2017, Smarter maintenance solutions by Efora was awarded as a winner in the Company innovation competition organised by the Promaint Maintenance Association and Exhibition Association.



Finance robot

Robotic Process Automation (RPA) was one of the most interesting technological development initiatives at Stora Enso in 2017. RPA projects support the implementation of software-based robots to perform manual repetitive tasks, increasing quality and allowing humans to focus on more analytical and interpretative tasks.

Stora Enso is using the first RPA on a part of Order-to-Cash Factoring process. The process normally requires 15 hours of manual work each month. During the first run, the robot was able to complete the task in 66 minutes.

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People and leadership

Stora Enso is on a transformation journey whereby engaged and motivated employees and a capable organisation will enable us to deliver our business strategy and become the leading renewable materials company. Leadership is a key factor in making this happen.

Commitment to leadership as the strongest driver of performance, culture and well-being is at the core of Stora Enso's People Strategy. Other focus areas include performance management, workforce planning, talent management and employer branding. Our culture is based on our values; "Lead" and "Do what's right", which we expect our leaders to embrace and demonstrate through their actions and behaviours.

We continuously invest in the development of our leaders through programmes like "Lead Through People", which targets all managers in the organisation and aims at developing skills in the individual leadership and teaches how to create and manage high performing teams. Since 2015, approximately 2 300 managers have participated in our Lead Through People programmes.

New programmes to build competencies in innovation and sales

Customer insights and innovation are the key strategic areas in our transformation. To build competencies in these areas we have introduced two new development programmes: the Accelerator Programme and the Commercial Excellence Programme.

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The GROW trainee programme made it possible to build a wide cross-



divisional network that is crucial in most of our development activities, and made me become a part of the Stora Enso's transformation in a very practical way. What's more, the leadership development modules helped understand and further develop our own leadership styles.

Kaisa Suutari
GROW trainee 2015
Process Development Engineer
Paper division, Anjala Mill



The Accelerator Programme aims at developing change leaders who can drive our transformation forward. In the programme, Stora Enso's employees, selected through an open application process, combine work with startup companies and executive training. The programme aims at building the strategic competencies needed by Stora Enso to speed up its transformation, focusing on innovation and entrepreneurship, customer centricity, digitalisation, leadership and our ability to partner with third parties. All participating startup companies have been selected in the areas of strategic importance to Stora Enso.

The Commercial Excellence Programme focuses on developing capabilities in sales and commercial excellence. One part

of the programme is the Sales Academy where about 200 sales leaders have been trained during 2017 in the areas of sales management, value proposition development and sales leadership. Other outcomes from the programme are harmonised sales processes and common systems like Customer Relationship Management.

To build the workforce of tomorrow Stora Enso continues to run the GROW Global Trainee Programme, where young professionals get global exposure to the Stora Enso organisation during their first 18 months of employment and are able to perform and learn while participating in business projects. In 2017, 28 recent graduates joined the company as GROW trainees to participate in the third round of this programme.

Evidence of progress in global employee survey

Stora Enso conducts an annual global survey (Your Voice) for all employees. In 2017, the survey was conducted for the sixth time with a response rate of 91% (90%). The survey is a tool to follow the progress in the areas impacting our ability to deliver our strategic agenda, hence steering activities and priorities, as well as support managers and teams to continuously improve their way of working.

All main indices in the survey continue a positive trend in 2017. Throughout the years, the survey has proved that there is a strong correlation between actively working with the result and an improved working climate.

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The Accelerator programme

The Stora Enso Accelerator programme combines work with startup companies and executive training. The programme aims at building the strategic competencies needed by Stora Enso to speed up its transformation, with a strong focus on innovation and entrepreneurship.

In the Accelerator programme, Stora Enso selects and works with startups that are active in the areas that are important to Stora Enso's strategic agenda. The selection of the startups is made in co-operation with an external accelerator partner. The Stora Enso participants are teamed up with the startups and support them in speeding up the development of their business through close co-operation. The startups also get training and coaching from the external partner.

In conjunction with this, there is an executive training programme where the Stora Enso participants receive training in our key strategic areas, in collaboration with another external partner. At the same time, the participants develop their entrepreneurial skills working side-by-side with the startups. This requires co-locating with the startups at the external accelerator's facilities in Helsinki and fully experiencing the entrepreneurial ecosystem.



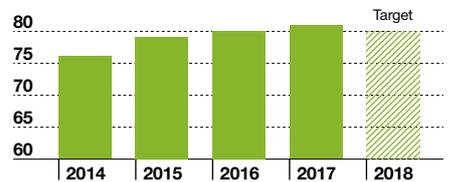
The Accelerator programme has provided unique insights and presented the opportunity for propelling the transformation of Stora Enso. The biggest learning lesson for me is simple: it's all about putting the right people, preferably with different expertise together and give them room to thrive!

Marcus Dehlin
Key Account Director
Consumer Board division

To drive our transformation forward, we invest in our people by building competencies in the areas of innovation, customer insight and leadership.

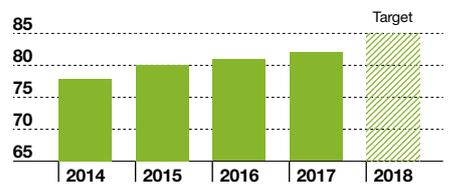
Malin Bendz
EVP Human Resources

Leadership



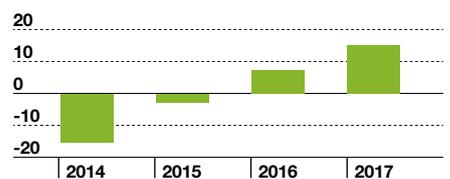
Leadership Index is measured annually in Stora Enso's Your Voice employee survey, and consists of numerical answers to 16 questions related to the respondent's view of the direct manager.

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.

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.

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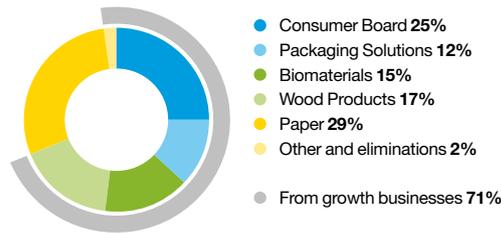
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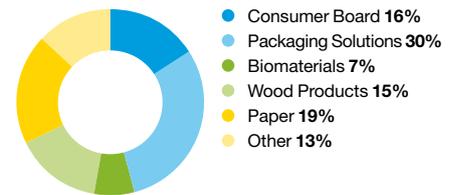
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Division key figures 2017

Sales

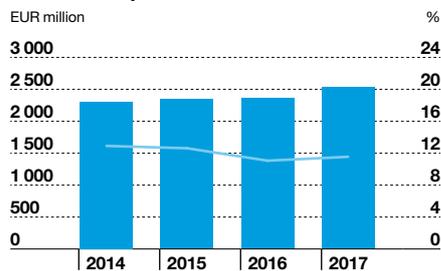


Average personnel



Consumer Board

Sales and operational EBIT



- Sales
- Operational EBIT, %

Consumer Board division sales at EUR 2 516 (2 342) million grew over 7% due to the ramp up of the Beihai consumer board mill. Delivery volumes at the European mills board grew slightly, but the growth was offset by lower board prices and negative foreign exchange rate impact. Operational EBIT at EUR 285 (254) million grew over 12% from previous year, due to the ramp up of the Beihai consumer board mill.

Key figures

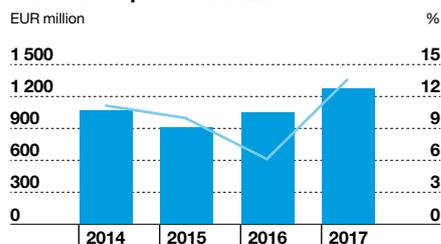
| EUR million | 2017 | 2016 | 2015 |
|---------------------------------------|-------|-------|-------|
| Sales | 2 516 | 2 342 | 2 340 |
| Operational EBIT | 285 | 254 | 290 |
| Operational ROOC, % | 14.6% | 12.7% | 15.5% |
| Cash flow from operations | 458 | 453 | 481 |
| Cash flow after investment activities | 218 | 40 | 21 |
| Average number of employees | 4 168 | 4 118 | 4 239 |
| Board deliveries, 1 000 t | 2 816 | 2 507 | 2 458 |

14.6%

Operational ROOC
(Target: >20%)

Packaging Solutions

Sales and operational EBIT



- Sales
- Operational EBIT, %

Packaging Solutions division sales were EUR 1 255 (1 044) million, up 20% compared to 2016. The increase was mainly due to the ramp up of the Varkaus kraftliner mill, higher volumes in all units and favourable price development. Operational EBIT at EUR 170 (64) million was 166% up from the previous year, mainly due to the ramp up of the Varkaus kraftliner mill, strong operational performance predominantly in China Packaging and higher prices.

Key figures

| EUR million | 2017 | 2016 | 2015 |
|---|-------|-------|-------|
| Sales | 1 255 | 1 044 | 913 |
| Operational EBIT | 170 | 64 | 90 |
| Operational ROOC, % | 19.6% | 7.6% | 11.1% |
| Cash flow from operations | 249 | 132 | 138 |
| Cash flow after investment activities | 156 | 63 | 20 |
| Average number of employees | 7 901 | 7 372 | 7 141 |
| Board deliveries, 1 000 t | 1 023 | 869 | 587 |
| Corrugated packaging deliveries, million m ² | 1 103 | 1 082 | 1 112 |

19.6%

Operational ROOC
(Target: >20%)

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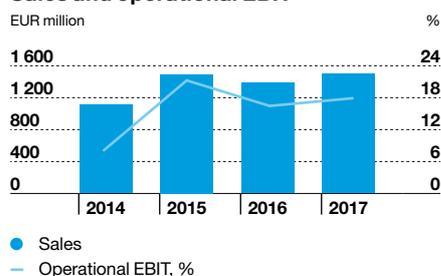
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Biomaterials

Sales and operational EBIT



Key figures

| EUR million | 2017 | 2016 | 2015 |
|---------------------------------------|-------|-------|-------|
| Sales | 1 483 | 1 376 | 1 484 |
| Operational EBIT | 264 | 224 | 313 |
| Operational ROOC, % | 10.5% | 8.5% | 12.4% |
| Cash flow from operations | 404 | 419 | 385 |
| Cash flow after investment activities | 271 | 278 | 187 |
| Average number of employees | 1 768 | 1 797 | 1 655 |
| Pulp deliveries, 1 000 t | 2 597 | 2 508 | 2 499 |

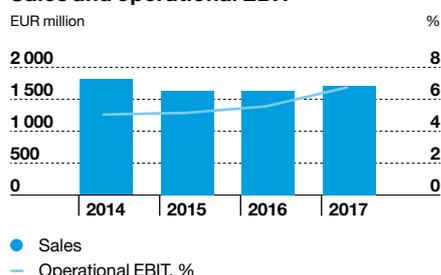
10.5%

Operational ROOC
(Target: >15%)

Biomaterials division sales were EUR 1 483 (1 376) million, up 8% on 2016, due to higher volumes and higher pulp sales prices in all grades. Operational EBIT at EUR 264 (224) million was 18% up from previous year, mainly due to higher prices in all grades. Operational EBIT was negatively impacted by higher transportation, wood and chemical costs. Fixed costs were higher due to investments into innovation activities.

Wood Products

Sales and operational EBIT



Key figures

| EUR million | 2017 | 2016 | 2015 |
|--|-------|-------|-------|
| Sales | 1 669 | 1 595 | 1 603 |
| Operational EBIT | 111 | 88 | 81 |
| Operational ROOC, % | 20.5% | 16.8% | 15.7% |
| Cash flow from operations | 152 | 142 | 118 |
| Cash flow after investment activities | 90 | 75 | 59 |
| Average number of employees | 4 031 | 3 937 | 3 824 |
| Wood products deliveries, 1 000 m ³ | 4 926 | 4 643 | 4 334 |

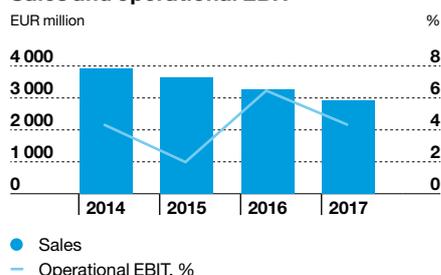
20.5%

Operational ROOC
(Target: >20%)

Wood Products division sales were EUR 1 669 (1 595) million, up 5% from 2016 mainly due to the ramp ups of the Varkaus laminated veneer lumber (LVL) line and the modernisation and expansion of the Murów sawmill. Higher prices and the growth in value added business, especially CLT, also impacted sales positively. The building components sales increased by 14%. In November 2017, Stora Enso divested 100% of its shares in the Finnish Puumerkki Oy and the Estonian Puumerkki AS. In addition the Baltic wood supply sourcing operations were moved to segment Other in Q2/2017. The comparable sales growth would have been 7%. Operational EBIT at EUR 111 (88) million was 26% up from previous year, mainly due to higher volumes, higher prices and growth in value added business.

Paper

Sales and operational EBIT



Key figures

| EUR million | 2017 | 2016 | 2015 |
|---|-------|-------|-------|
| Sales | 2 920 | 3 245 | 3 630 |
| Operational EBIT | 128 | 211 | 77 |
| Operational ROOC, % | 14.8% | 19.4% | 5.5% |
| Cash flow from operations | 259 | 351 | 286 |
| Cash flow after investment activities | 160 | 277 | 201 |
| Cash flow after investment activities to sales, % | 5.5% | 8.5% | 5.5% |
| Average number of employees | 5 022 | 5 786 | 6 810 |
| Paper deliveries, 1 000 t | 4 713 | 5 141 | 5 778 |

5.5%

Cash flow after investing
activities to sales
(Target: >7%)

Paper division sales were EUR 2 920 (3 245) million, down 10% from 2016 mainly due to restructuring and disposals. Foreign exchange losses had EUR 33 million negative impact on sales. In addition, especially Wood Free Coated (WFC) paper prices were clearly lower than during 2016. Volumes of the ongoing business were lower mainly due to Veitsiluoto PM2 accident in August 2017. Operational EBIT at EUR 128 (211) million was 39% down from 2016.

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Consumer Board

The ambition of Consumer Board division is to be the global benchmark in high-quality virgin fibre cartonboard and the preferred partner to customers and brand owners in the premium end-use packaging and graphical segments. Our wide board and barrier coating selection is suitable for the design and optimisation of packaging for liquid, food, pharmaceutical and luxury goods.



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Offering

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

Advantages

- Strong product brands based on renewable materials
- Leading market position in core segments
- Innovation agenda built on long-term customer and brand owner relationships
- State-of-the-art mill in Beihai securing future growth opportunities in China
- Strong and well-positioned assets

Consumer Board division's innovation work focuses on material efficiency, biobarrier solutions and new materials and applications, such as MFC and intelligent packaging.



● Mills

The Consumer Board division operates five mills in Finland, Sweden, and China.

Sales

67%
Europe

23%
Asia Pacific

10%
Rest of the world



CKB Karneoli by Stora Enso is an attractive and competitive material for a wide range of end-use applications, such as frozen and chilled food packaging, and multipacks.



In the Accelerator programme, Stora Enso partnered with Sulapac, a startup offering innovative packaging solutions for cosmetics and luxury products based on wood and other biodegradable biomaterials.



The focus at Beihai Mill, China, has been to establish Stora Enso's market position by fast commercialisation of new products.

Strategy

Global benchmark and preferred partner

The Consumer Board division aims to generate profitable growth by maintaining its strong market share and position in Europe, capturing the market opportunities in China and growing selectively in other overseas markets. The division offers solutions for replacing non-renewable packaging materials with renewable ones, based on virgin wood fibre.

We focus on premium packaging end uses, such as liquid and food, chocolate and confectionery, cosmetics, pharmaceuticals and tobacco. The main growth opportunities in packaging lie within liquid packaging board (LPB), folding box board (FBB) and coated unbleached kraft (CUK). We drive customer centric innovation as well as product and service development by building strong partnerships throughout the value chain and by constantly improving our commercial and operational performance.



Business environment

Maintain market share in Europe, build market position in China, and grow selectively overseas

Paper and board continue to show healthy growth and account for a large share of the overall packaging market. Even though the growth is still higher for competing materials such as flexible and rigid plastics, increased awareness of the impact of fossil-based products on climate change, as well as overall ecoawareness, are driving consumers to look for more sustainable packaging. Through our long-term partnerships across the value chain, our target is to replace fossil-based packaging materials with solutions based on renewable alternatives and to gain market share from competing packaging materials.

The consumer packaging board market is expected to grow globally by 14 million tonnes between 2016–2030. The demand for virgin fibre board grades for packaging is expected to grow with a CAGR of 4.3% for China and 2.6% globally until 2030. Stora Enso is one of the largest producers in the world. We are the global leader in liquid packaging



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We are constantly commercialising new solutions in close collaboration with our customers and brand owners. Our products, based on renewable materials, perform in the most challenging applications meeting the highest quality and safety standards with a constantly improved sustainability footprint. With our partners, we drive innovation to create the packaging of the future, stay competitive and do business in an even more sustainable way.

Annica Bresky
Executive Vice President
Division Consumer Board



Internationally acclaimed fashion designer Bea Szenfeld creates art from Ensocoat™ by Stora Enso, the most impressive luxury board on the market.

board (LPB), and the leading producer in Europe within our other strategic segments. We aim to maintain our strong position in Europe, while growing selectively in other overseas markets, thus supporting the growth of our customers. China and South East Asia continue to be the fastest-growing markets, where the expansion of the middle class and urbanisation are driving the change.

The Consumer Board division has a very strong market position in Europe where our main competitors are BillerudKorsnäs, Metsä Board and Holmen. The main competitors outside Europe are Klabin, Evergreen, Graphic Packaging and Georgia-Pacific. Indirectly, fibre-based packaging competes with non-renewable alternatives, such as plastics, glass and metals.

Innovation approach



Offering new packaging solutions based on renewable materials

Our strategic partnerships provide us with deep consumer insight into what will drive packaging development in the future. The main trends include the track and trace of products throughout the supply chain, replacing fossil-based materials with renewable ones, and enhanced consumer connectivity. Our intelligent packaging solutions and the use of micro-fibrillated cellulose (MFC) for new applications answer these consumer demands.

We support the innovation efforts of our customers and brand owners by developing solutions based on their needs. Stora Enso's Innovation Centre for packaging in Helsinki, opened two years ago, continues to be a hub for co-creation of new packaging concepts. During the year, we had more than 250 stakeholder interactions and entered into close to 40 joint development agreements. In 2017, 12% of our sales came from new products that were commercialised after years of close collaboration with our strategic customers.

The Consumer Board division's innovation work focuses on improving material efficiency and on developing new materials and applications based on MFC. We are the industry leader in MFC and have commercialised solutions for the liquid packaging market since 2015 when New Natura™ by Stora Enso, a board enhanced with MFC to

improve material efficiencies, was launched. The advantages of MFC in packaging are source reduction and light-weighting while maintaining strength. Further development includes bio-barriers based on MFC and biocomposites as alternatives to fossil-based materials. We are building up a new pilot and full-scale MFC capacity at three of our mills to meet the increased customer demand.

Our top cartonboard brand in the premium segments, Ensocoat™ by Stora Enso, was upgraded to provide an appealing visual appearance featuring better whiteness and shade. This contributes to excellent print results and high performance with all finishing treatments and has been very well received on the market.

The interest in our intelligent packaging solutions continues to be high. As a natural step, Stora Enso established the Pack Performance Centre (PPC) in Tampere, Finland, for testing applications related to intelligent packaging, such as RFID tags in packaging.

Transformation in action



More renewable products on the market

Stora Enso's new consumer board machine in Beihai, China, continued to ramp up ahead of schedule. The designed capacity level and operational EBITDA break-even were reached as promised during the fourth quarter of 2017. The focus has been on establishing our market position by the fast commercialisation of new products. At the beginning of 2017, Stora Enso announced that it was reconsidering the plans to invest in a chemical pulp plant and, instead, would continue to supply the Beihai Mill with chemical pulp from the Veracel pulp mill.

Stora Enso continues to scale up and drive further commercialisation of MFC with investments at Imatra, Ingerois and Fors mills, which were completed by the end of 2017. To support growth and improve competitiveness in our core board segments, Stora Enso invested in the improved availability of the chemi-thermomechanical pulp (CTMP) at Imatra Mills, in new polyethylene (PE) extrusion coating plants in Imatra and Beihai, an automated roll warehouse (ARW) at Imatra Mills and a new chemical plant at Skoghall Mill in Sweden.

In 2017, Stora Enso divested its 35% holding in the equity accounted investment Bulleh Shah Packaging Ltd. in Pakistan.

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CKB Karneoli by Stora Enso is a coated unbleached kraft board for food and non-food products and beverages. It is produced at Beihai Mill in China, and is an important differentiator supporting Stora Enso's objective to create a market in China. The customers particularly appreciate the product's natural look with its brown colour and sustainability concept, as well as its high functionality. CKB Karneoli by Stora Enso is an attractive and competitive material for a wide range of end-use applications.

Hong Ye
Sales Manager
Stora Enso, China
Division Consumer Board



Working together works better

Stora Enso and Elopak, an international supplier of paper-based packaging solutions for liquid food, have been working together for more than 60 years.

In 2017, the collaboration between Elopak and Stora Enso resulted in the launch of the first gable top cartons made from natural brown unbleached paperboard, creating the Naturally Pure-Pak® carton with a highly distinctive, natural look and feel. At first, these cartons are available in Finland, Sweden and Latvia. Arla Foods is the first brand owner to launch in Sweden and Finland.

The new paperboard, Natura Life by Stora Enso, retains the natural brown colour of the wood fibres and has a visible fibre structure. This creates a genuinely different, sustainable and authentic package that meets the demands of the growing trends in ethical, ecological and organic products.

"All liquid packaging board sourced from well-managed forests is environmentally friendly, but this paperboard reaches new levels in climate responsible packaging. The innovation is the result of bringing together the best of expertise, competence and experience from our collaboration with Stora Enso. This is not just another paperboard for our Pure-Pak® cartons, but a totally new concept," says **Ivar Jevne**, Elopak's Executive Vice President, Board and Blanks Supply.



05



06

- 05 Stora Enso's Pack Performance Centre tests applications related to intelligent packaging, such as RFID tags in customer packaging in Tampere, Finland.
- 06 To replace plastic cups in the chilled food segment and reduce climate impact, the Fibre Cup, manufactured by Arta Plast with paperboard Cupforma Natura™ by Stora Enso, was launched on the Swedish market.

Main achievements in 2017

- Solid topline growth and improved profitability driven by the successful ramp-up of Beihai Mill
- EBITDA break-even for Beihai Mill in Q4/2017
- 12% of sales in 2017 from new products
- Scale-up and commercialisation of solutions based on micro-fibrillated cellulose (MFC) through investments in mill capacity
- Establishment of Pack Performance Centre (PPC) for intelligent packaging application testing
- Start-up of the new chemical plant at Skoghall Mill and polyethylene (PE) lines in Beihai and Imatra mills

Main focus and targets in 2018

- Safety, aiming at zero accidents
- Continue the ramp-up of Beihai Mill and build premium market position for the Chinese and South East Asian market
- Maintain market position for core segments in Europe and grow overseas
- Accelerate commercialisation of innovation programmes within MFC, biocomposites, and intelligent packaging
- Increase customer centricity through sales and operational excellence
- Strengthen competitiveness by continuous development of assets

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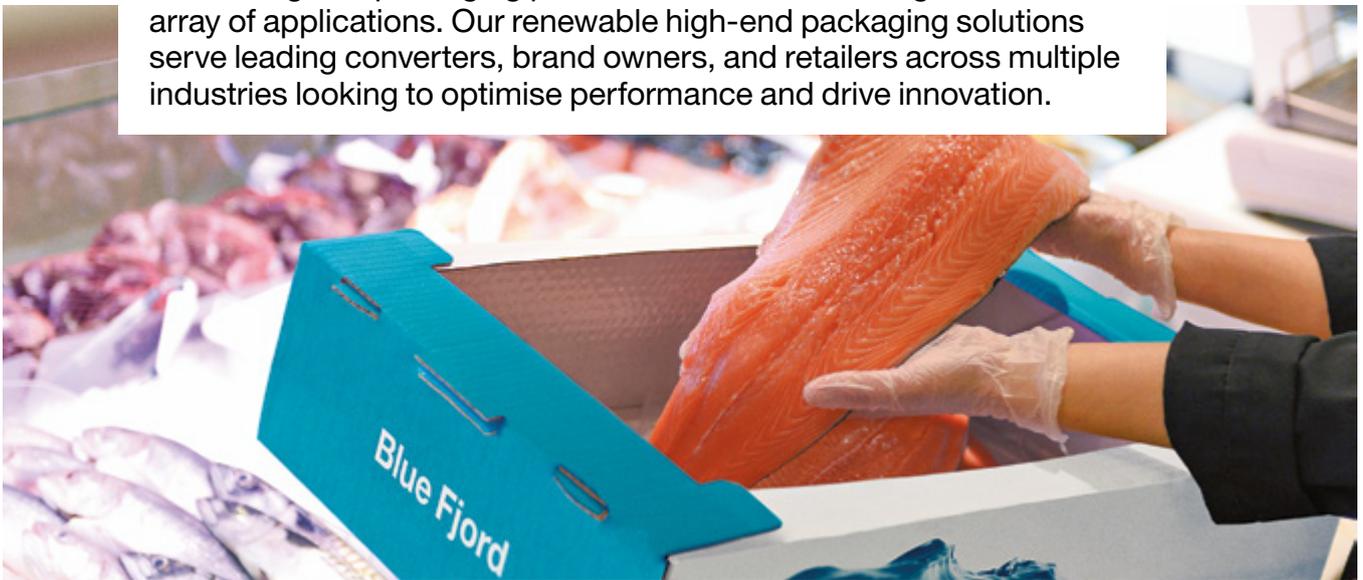
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Packaging Solutions

Packaging Solutions division provides fibre-based board materials and corrugated packaging products and services designed for a wide array of applications. Our renewable high-end packaging solutions serve leading converters, brand owners, and retailers across multiple industries looking to optimise performance and drive innovation.



Offering

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

Advantages

- Access to fibre
- Design services
- Know-how in material optimisation
- Integrated supply chains and streams of recycled materials
- Integrated pulp and energy efficiency

The Packaging Solutions division creates value for its customers by offering sustainable and innovative high-quality packaging products and services.



- Container board
- Corrugated packaging

Our containerboard mills are located in Finland and Poland and we have converting plants in eight countries in Europe and Asia.

Sales

71%
Europe

15%
Asia Pacific

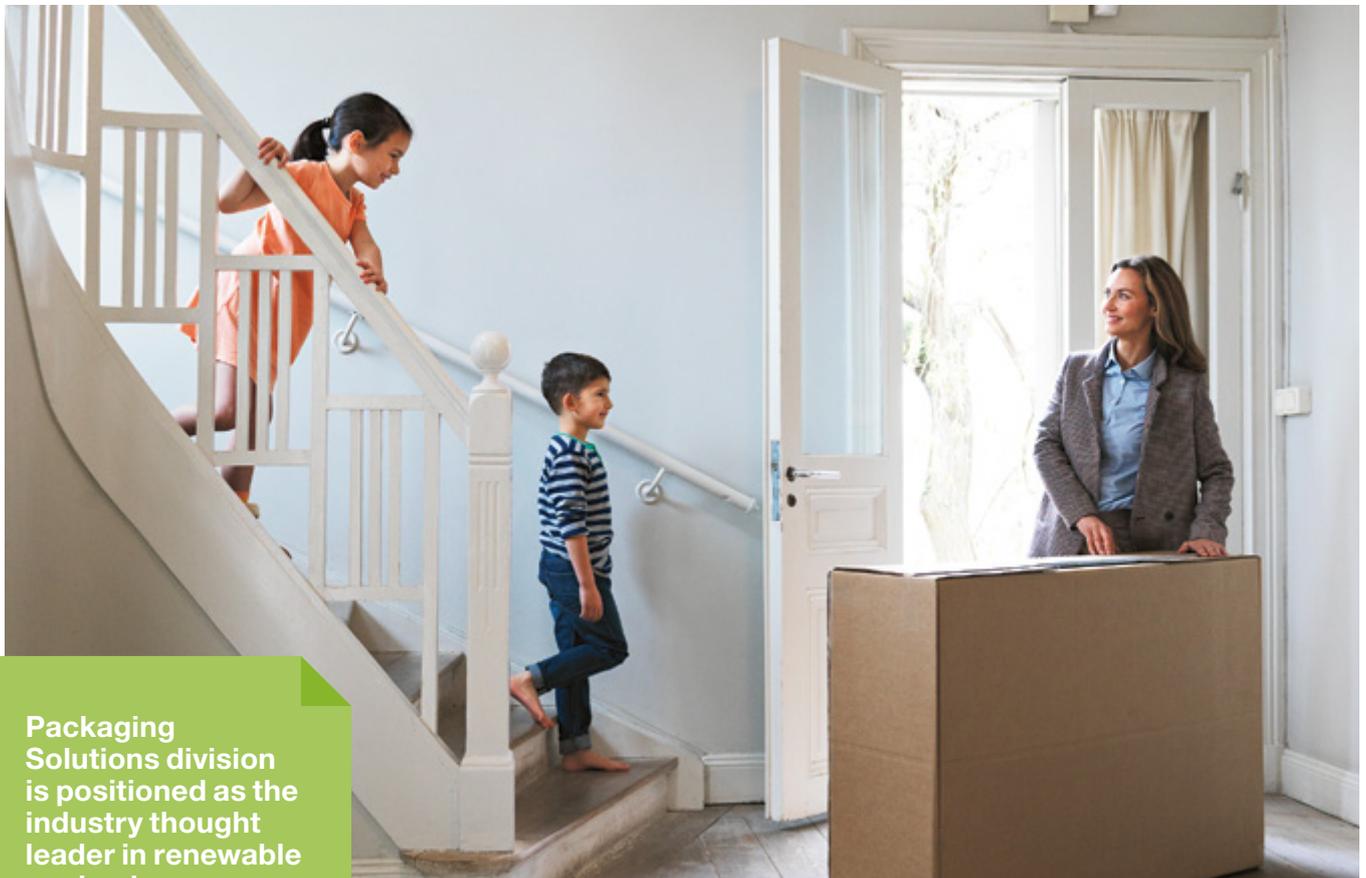
14%
Rest of the world

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Packaging Solutions division is positioned as the industry thought leader in renewable packaging.



Strategy



Growing our business through innovation and operational excellence

The Packaging Solutions division aims to grow significantly in the containerboard business. Its ambition is to reach its full potential and selectively expand in corrugated packaging in attractive regions and market segments. The customer base is fragmented in containerboards and corrugated packaging, offering opportunities for differentiation. The main focus is on growing our business through innovation and operational excellence at our mills and supply chain, as well as continuing to drive our strategic growth initiatives.

In containerboards, the aim is to be a strategic supplier for important converters globally. In corrugated packaging, our focus is on building partnership positions with the larger brand owners and retailers, and growing the business further based on innovative value propositions.

Service offerings are an essential part of the Packaging Solutions division and contribute towards profitable growth. On top of total cost optimisation and technical customer service, the division provides innovative and award-winning design, which is proven to increase the customer's sales.

Business environment



Opportunities for building value through packaging

A number of important trends present opportunities for building value through packaging. The development of millennials as a more dominant group of consumers, and changes in consumer behaviour,

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Packaging will play an increasingly central role in supporting brand owners looking to enhance consumer engagement, digitalise supply chains and meet stricter sustainability requirements. As we continue to drive innovation and customer experience applications with operational excellence at the core, we are well positioned for further growth.

Gilles van Nieuwenhuyzen
Executive Vice President
Division Packaging Solutions



- 01 Stora Enso has launched e-TALES by Stora Enso, an online retail packaging portfolio designed to provide smart features for the consumer and improved economic and environmental performance for the retailer.
- 02 Packaging Solutions division's focus is on delivering corrugated packaging and high performance light-weight containerboard.
- 03 The converted containerboard machine at Varkaus Mill in Finland continued to ramp up successfully during 2017.

are contributing to increased eco-awareness and growing online retail market. Stora Enso's Packaging Solutions division is positioned as the industry thought leader in renewable packaging.

The Packaging Solutions division's focus is on manufacturing corrugated packaging and high performance light-weight containerboard, primarily in growth markets. The division maintains a vertically integrated position in the supply chain, starting from collecting paper for recycling and purchasing wood to producing novel light-weight containerboards using modern low-cost technology and versatile corrugated packaging solutions. This approach has helped the Packaging Solutions division achieve a strong position in the focus markets: a leading status in the Nordics, number two in the Baltics and Poland, and number four in Russia. The main competitors are Smurfit Kappa, Mondi, DS Smith and BillerudKorsnäs.

Innovation approach

Engaging with brand owners and retailers

The division's innovations go beyond smart design and structure solutions. The Packaging Solutions division develops ways to enhance the whole supply chain – lowering total costs, reducing waste, improving shop-floor efficiency, and building stronger brands with renewable, recyclable and biodegradable packaging. Stora Enso's Innovation Centre for Packaging in Helsinki continues to play an important role as a meeting hub, where new innovations and product concepts are generated together with the customers.



To add value for our customers, the Packaging Solutions division works on multiple levels of innovation, including technology, branded concept and customer-driven innovations. Here we have made significant advancements with the launch of new online retail product range and first commercialisation of intelligent packaging. In intelligent packaging, the Packaging Solutions division has selected three target application areas: supply chain traceability, brand protection and authentication, and consumer engagement.

Transformation in action

Successful ramp-up of Varkaus kraftliner business

The converted containerboard machine at Varkaus Mill in Finland continued to ramp up during 2017. During the second half of 2017 the targeted operational EBITDA run-rate of 15% was clearly exceeded.

Stora Enso is investing in Heinola Fluting Mill to improve product quality and increase production capacity of its AvantFlute SC product portfolio. The investment is scheduled to be completed during the second quarter of 2018. Stora Enso is also expanding the Tychy corrugated packaging plant in Poland and increasing capacity at the China Packaging unit. The previously announced investment in Lahti, to create a centre of excellence for corrugated packaging in Finland, is expected to be finalised by the end of the first quarter of 2018.

During the year, Stora Enso divested of the packaging machine producer Formeca in Finland, and Swedish Stora Enso Re-board AB, a producer of rigid paperboard for expositions and displays.



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Main achievements in 2017

- Strong topline and profitability growth reaching the financial ROCE target
- Successful ramp-up of Varkaus kraftliner mill achieving the targeted EBITDA run-rate
- Enhancement of customer-centricity
- Higher asset productivity through operational excellence programmes
- Launch of e-TALES by Stora Enso, new product portfolio for online retail packaging
- Starting first commercialisations of intelligent packaging

Main focus and targets in 2018

- Safety, aiming at zero accidents
- Driving containerboard business to its full potential -including Varkaus at full run-rate
- Expand the corrugated business in selected markets
- Completion of the consolidation of corrugated packaging operations in Finland
- Upgrade of Heinola Fluting Mill
- Expansions of corrugated business in Poland and China



Premium packaging for the Russian pet food market

Nestlé is the world's largest food and beverage company. The company's pet food line, Nestlé Purina Pet Care, has been advancing pet nutrition for 90 years and is one of the most established brands in its field at the global level. Since 2008, Stora Enso has been providing corrugated cardboard packaging to Nestlé Purina in Russia. Sustainable, environmentally friendly, high-quality packaging is essential to Purina to guarantee the standards and requirements set by the customers as well as the industry regulations.

"The quality and design, in combination with renewable and recyclable materials, are essential in order to meet the needs and expectations of our customers," said **Alessandro Zanelli**, Regional Director, Nestlé Purina PetCare Eastern Region. "By partnering with Stora Enso, we can offer the high-quality print packaging that we want our products to be associated with, while also supporting our business through solid and reliable customer service."

Stora Enso delivers packaging and displays made from corrugated board, meeting the strict demands of environmental standards and recyclability. Moreover, as Purina's main packaging supplier, it is critical that the life cycle of the entire supply chain – from the actual product boxing to the stock management and store transportation – is running smoothly and seamlessly.

"Packaging of high-quality pet nutrition products plays an important role in how we engage with the end-consumer, but also when it comes to minimising risk and optimising revenue streams through efficient logistics and procurement processes. Working with Stora Enso allows us to focus on our core business and at the same time leverage expert insights in packaging design, which ultimately helps us to better promote our products."



We are proud to work with Stora Enso in the new era



of intelligent packaging solutions. Microsoft Azure delivers Internet of Things services, which Stora Enso is leveraging to better serve their customers and provide fast service development, scalability and global reach. Stora Enso's intelligent packaging is a great example of the kind of innovative new services enabled by the Microsoft Azure platform.

Marc Jalabert
General Manager
Marketing & Operations
Microsoft Western Europe

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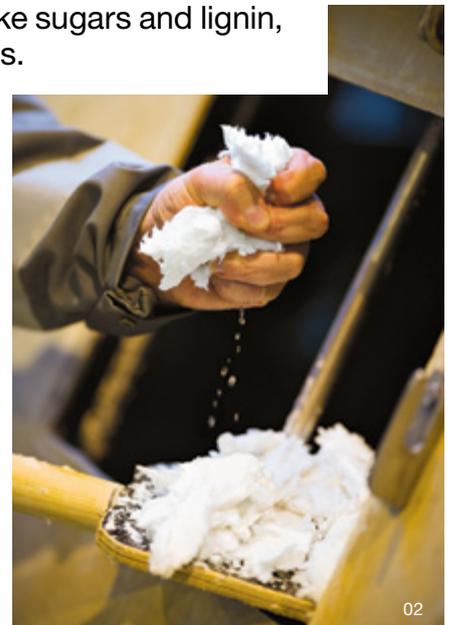
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Biomaterials

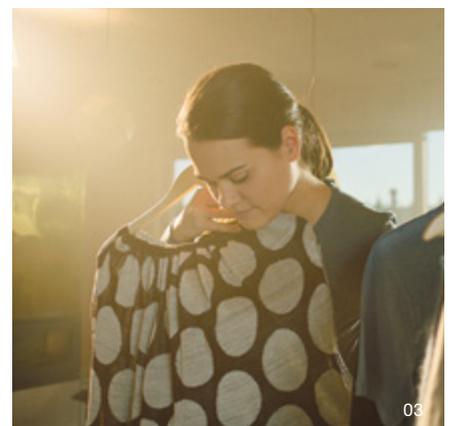
Biomaterials division offers a wide variety of pulp grades to meet the demands of paper, board, tissue, textile and hygiene product producers. We are maximising the business potential of the by-products extracted in our process, such as tall oil and turpentine from biomass. Based on our strong innovation approach, all fractions of biomass, like sugars and lignin, hold substantial potential for use in various applications.



01



02



03

- 01 Carbon fibres made from renewable sources like lignin bring interesting possibilities that also benefit the environment.
- 02 Stora Enso offers the widest pulp portfolio in the market.
- 03 Fabrics like viscose, rayon, modal, lyocell, and cupro are all made from 100% wood fibres.

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Offering

- Bleached hardwood pulp
- Bleached softwood pulp
- Unbleached pulp
- Fluff pulp
- Dissolving pulp
- Tall oil
- Turpentine
- Lignin
- Xylose

Advantages

- Access to and expertise in biomass
- Expertise in forests and plantations
- Fibre knowledge
- Largest portfolio of pulp grades
- Right pulp mix for customer needs
- Superior customer service
- Innovation Centre
- Ability to trace wood to its origins
- Strong and lasting customer relations

The Biomaterials division explores innovations with our pulp customers, moves forward with the lignin business, creates new business in regenerated cellulose and MFC, further develops bio-based chemicals, and researches extracted sugars.



- Biomaterials pulp mills
 - R&D facilities and/or pilot plants
 - Plantations
- The division has a global presence with operations in Brazil, Finland, Sweden, Uruguay, and the United States.

Sales

62%
Europe

29%
Asia Pacific

9%
Rest of the world

Strategy

Speeding up new platforms for growth

Stora Enso differentiates from other pulp suppliers through its extensive product portfolio and stable quality, which is supported by our strong technical customer service. The division aims at profitable growth in three strategic focus areas. The first focus area is maximising the value of eucalyptus pulp by the continuous improvement of production efficiency and improvement of cost-competitiveness. The second focus area is to differentiate the Nordic pulp business. The efforts include reducing exposure in softwood pulp and growing in fluff and dissolving pulp. Thirdly, the division concentrates on creating new platforms for growth using innovations and applications to replace fossil-based and hazardous materials with renewable, safe, and environmentally friendly solutions.

The Biomaterials division has two major pulp mills producing eucalyptus pulp: Veracel in Brazil and Montes del Plata in Uruguay. These mills are joint operations where we need to ensure first-class forestry and production efficiency. However, at the division's three Nordic mills we are concentrating on the specialised pulps, like fluff and dissolving pulp, and on growing end-use segments for our standard pulp grades, like tissue and specialty papers. Combining this with our focus on innovation in pulp applications we have the possibility to work closely with the customers and differentiate, building highly specialised products and services that support the customers' businesses.



in the developing countries, as well as urbanisation. The division is improving the cost-efficiency of eucalyptus pulp from Latin America. The Nordic mills are specialising more in fluff and dissolving pulp. Their demand is growing due to an increasing need for sustainable fibres in the textile industry, and along with aging populations and urbanisation, for disposable hygiene products.

Other pulp makers in the markets include, for example, UPM, Metsä Fibre, Södra, Fibria (our partner in Veracel), Eldorado, CMPC, Arauco (our partner in Montes del Plata) and Suzano. In terms of new potential markets for renewable solutions, the Biomaterials division will face competition not only from the traditional pulp makers mentioned above, but also from the biochemical companies and chemical industry.

Innovation approach

Clear focus and prioritised projects

In the area of innovation, the Biomaterials division is developing new offerings based on non-food competing biomasses. We are scouting for complementary technologies to speed up the innovation process to new products.

Regarding the new platforms for sustainable profitable growth, the division focuses on exploring potential for innovations with our current pulp customers, continuing to build strong business with lignin, creating new business in regenerated cellulose and MFC, further developing extraction and separation technology and bio-based chemicals, and looking into the opportunities offered by extracted sugars. In lignin, the short-term focus is on the replacement of phenol, however, there is a great potential in other applications, such as carbon fibres. With regard to the sugar business, we will start producing xylose soon in our Raceland facility. This xylose will be sold to xylitol producers to be used in dental care and food applications. The division is also exploring the potential for bioplastics, working closely together with our packaging divisions.



Business environment

Extracting value from eucalyptus pulp and differentiating Nordic mills

The global pulp market continues to grow, supported by the megatrends of growing and aging populations, increased spending



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04

- 04 Our fluff pulp, mainly used for hygiene products, requires stringent quality control.
- 05 Our Innovation Centre for biomaterials houses research, product development, and commercialisation all under one roof.



05



” The Biomaterials division is at the core of Stora Enso's transformation. In addition to having the widest chemical pulp portfolio in the market, we are developing new offerings in our innovation platforms and transforming fibres, lignin, and hemicellulose into solutions that replace fossil-based materials. Our world-class experts are taking renewable raw materials to the next level.

Markus Mannström
Executive Vice President
Division Biomaterials

By working closely with customers and differentiating our offering, we can build highly specialised products and services that support our customers' businesses.

Transformation in action

Focus on the growing markets and specialising our pulp mills

The commercialisation of lignin from the integrated lignin extraction plant at Sunila Mill in Finland went ahead and the first commercial delivery of lignin from Sunila was shipped during 2017. In terms of potential markets, refined lignin can be used, for example, in the production of adhesives and resins, coatings, and specialty chemicals.

The start-up process at the bagasse-to-xylose demonstration plant in Raceland, USA, was ongoing in 2017. The demonstration plant is the first of its kind and will utilise sugar cane bagasse, which is the biomaterial waste from sugar cane processing.

To meet the growing demand in the hygiene market, Stora Enso will increase its fluff pulp capacity at Skutskär Mill in Sweden by



approximately 160 000 tonnes annually. Both hygiene and non-woven products are a fast-growing market, and the investment will enable the Biomaterials division to support the growth of its customers and further develop this business together with them.

Stora Enso is also increasing the dissolving pulp production capacity at Enocell Mill in Finland. The mill will be converted to focus entirely on the production of dissolving pulp with completion during the second half of 2019. This investment improves our pulp mix and supports Enocell Mill in becoming an integrated biorefinery plant for new bio-based chemicals.

To further enhance the reliability and traceability of our pulp deliveries, Stora Enso is working with key customers to improve service and decrease costs in the overall logistics chain, and is looking into further options to digitalise the supply chain.

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Wood fibre-based acoustic material is used in the recently renovated Parliament House in Helsinki, Finland.

Main achievements in 2017

- First commercial delivery of lignin from Sunila Mill was shipped
- Ongoing project to increase fluff pulp capacity in Skutskär Mill in Sweden to meet growing demand in the hygiene market
- Investment decision to expand dissolving pulp capacity in Enocell Mill in Finland

Main focus and targets in 2018

- Safety, aiming at zero accidents
- Maximising value from eucalyptus pulp
- Creating new platforms and innovation initiatives for growth with R&D
- Further differentiation of Nordic pulp business by bringing more fluff pulp to the market from Skutskär Mill and converting Enocell Mill entirely to dissolving pulp production
- Stabilising xylose production and commercialising xylose
- Differentiation through digitalisation opportunities

Innovative end-uses for wood fibre

Lumir is a Finnish company that develops new and straightforward bio-based acoustic solutions suitable for any space that needs better acoustics, reduced reverberation and improved comfort, such as schools, nursery schools, hospitals, offices, hotels, restaurants and cultural institutions.

Lumir's patented sound absorbing solutions with different surface options can be used both in public and private spaces, in ceilings, as well as on the walls.

"Construction companies, architects, cities, and project consultants are our biggest customers. Our objective is to develop and innovate new acoustics solutions that are safe, easy to implement and fit our customers' requirements. Two years ago, we started developing our new acoustics solution using modified chemical pulp in strong collaboration with Stora Enso, and our customers are very happy with the results," says **Tuomas Hänninen**, Product Manager at Lumir.

"Our renewable materials, fibre know-how and collaboration have enabled Lumir to innovate solutions based on wood fibre in such significant buildings as the recently renovated Parliament House in Helsinki, where there is over 3 000 m² of acoustic surface. This is an excellent example of how we discover new products by working closely with our customer," says **Sirpa Välimaa** from the Biomaterials division's sales and marketing team.



There comes a point when conventional materials cannot go any further and new

materials are needed to satisfy increased future demand. That's where carbon fibre comes in, as is already seen today in the wind energy sector and the aerospace industry. Exel Composites helps carbon fibre composites to enter new industries and applications. For a long time, many people dreamed of finding more sustainable ways to produce carbon fibre. Stora Enso can make this dream come true with us.

Mikko Lassila
Group Sales Development Manager
Exel Composites

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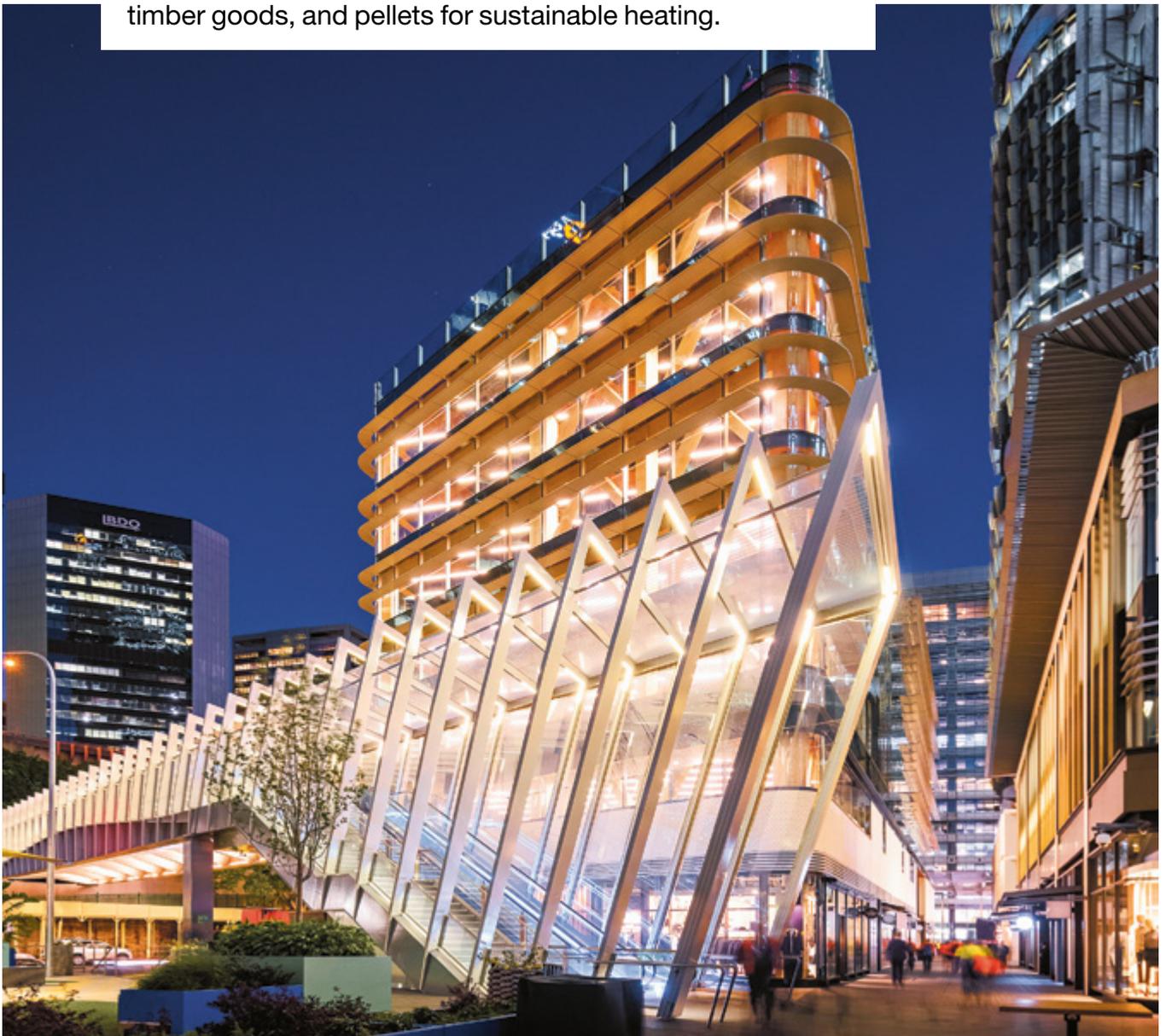
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Wood Products

Wood Products division aims to be the leading provider of innovative wood-based solutions. The product range covers all areas of construction, including massive wood elements and wood components. It also includes a variety of sawn timber goods, and pellets for sustainable heating.



International House Sydney, Australia's first commercial and largest engineered timber building with cross-laminated timber by Stora Enso, won the Grand Prix main prize at the 18th Australian Timber Design Awards in 2017.

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Offering

- Classic sawn
- Classic planed
- Cross laminated timber (CLT)
- Laminated veneer lumber (LVL)
- Construction beams
- Wood components
- Building systems
- Window and door components
- ThermoWood
- Pellets
- Biocomposite

Advantages

- Global sales network
- Innovative service offerings
- Broad product offering for construction
- Competitiveness through digitalisation
- Effective supply chain from forest to customer
- Sustainability throughout the supply chain
- Broad operational platform in more than 20 sites in 10 countries

New innovative solutions in massive wooden building components have allowed wood to enter into new construction end-uses traditionally dominated by concrete and steel.



● Production units

The division has over 20 production units in Europe and serves customers globally.

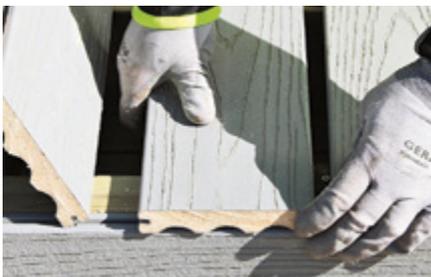
Sales

68%
Europe

22%
Asia Pacific

7%
Middle East and North Africa

3%
Rest of the world



Wood Products division's capability to drive innovation and introduce new products and materials, such as biocomposite, in the market is essential for growth.



The Wood Products division produces wood pellets from the wood residues of sawmills. Pellets can be used for bioenergy but also for horse bedding.



The new LVL line at Varkaus Mill meets the growing need for sustainable, high-quality engineered wooden building components.

Strategy

Wood-based solutions a foundation for further growth

The Wood Products division aims to transform from a traditional classic sawn producer to a leading provider of innovative wood-based solutions. It is the largest supplier of wooden construction material in Europe and the fourth largest in the world. In addition, we aim to develop our classic sawn segment by increasing the efficiencies in the value chain, growing profitable segments and investing in cost-competitive locations, to establish a foundation for further growth in building components and systems.

New innovative solutions in massive wooden building components have allowed wood to enter into new construction end-uses traditionally dominated by concrete and steel. Our target is to capture market share from competing materials.



Business environment

Differentiation offers value to our customers

The Wood Products division is well positioned to capture the growth opportunity created by current megatrends such as urbanisation, eco-awareness and digitalisation. The fragmented structure of the market provides a unique opportunity for Stora Enso, as a strong player, to position itself against competitors and gain market share from competing materials. The relatively low level of technical development within the industry provides opportunities for differentiation for the larger producers, as well as the ability to invest, for example, in digitalisation.

The Wood Products division's global sales network and a broad product portfolio create a competitive edge in terms of global know-how. In addition, we differentiate through innovative service offerings such as our integrated distribution centres, building systems and building components, as well as eBusiness solutions. This supports sales growth in all product segments.



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Wood is an amazingly versatile renewable raw material that we have used in various types of construction for many years. Wood is now also a key component in the biocomposite solutions. With our new wood fibre composite production line, we are able to replace fossil-based materials and offer a more sustainable alternative to plastics – making a contribution to a more renewable society.

Jari Suominen
Executive Vice President
Division Wood Products



Main achievements in 2017

- Successful ramp-up of the LVL mill in Varkaus
- Added value for customers through sustainability in certified products and operations
- EUR 45 million CLT investment decision in Gruvön
- Biocomposite investment and competence centre established
- Distribution and service concept established in the US market
- Introduction of building components to BIM libraries

Main focus and targets in 2018

- Safety, aiming at zero accidents
- Start up biocomposite production
- Differentiation through services and digitalisation
- Harvest the potential of existing assets
- Improve the supply chain from forest to customer through digitalisation

Innovation approach



Focusing on new product and service launches

The Wood Products division's capability to drive innovation and introduce new products and materials to the market is essential for growth. We encourage customer involvement at a very early stage of the process. Digitalisation is an important tool for optimising processes and realising operational efficiency throughout the value chain. For example, drones are used for taking inventory of the woodyard, and the production volumes can be adjusted based on digitally obtained demand and log information.

Building on Stora Enso's group-wide synergies, we drive co-development with all divisions, including development in biocomposites, as well as investigating the potential of utilising lignin as adhesive in our engineered wood production together with the Biomaterials division.

Transformation in action



New products and solutions driving growth and profitability

Stora Enso's new laminated veneer lumber (LVL) line at Varkaus Mill continued to ramp up during 2017. The new LVL line meets the growing need for sustainable, high-quality engineered wooden building components. As an alternative to steel and concrete, wooden buildings and components store carbon during their lifetime. They can also help reduce carbon emissions in production and transport.

Stora Enso is investing EUR 45 million in a new cross laminated timber (CLT) production unit at Gruvön Mill in Sweden. The investment will further enhance Stora Enso's position as a global provider of high-quality engineered wooden elements and as a market leader in CLT. Building with wooden elements, such as pre-fabricated CLT and LVL, also reduce construction time, site waste and noise. The investment in Gruvön Mill will help support Stora Enso's position in the market and overall strategy to promote increased building with wood.

Stora Enso is also building a new production line for biocomposite granules at Hylte Mill in Sweden. Biocomposites enable the use of renewable wood to substitute a large portion of the fossil-based materials in products typically produced from plastics, such as disposable cutlery, furniture, as well as storage and logistics goods.

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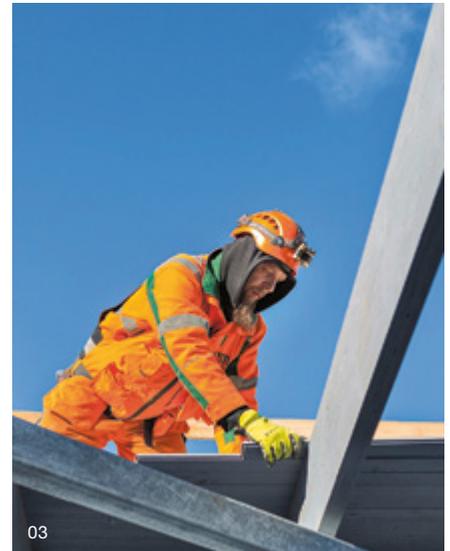
Making a difference with wood construction in Vienna

Cross laminated timber (CLT) is the main material used annually in the construction of dozens of new school projects in Central Europe. CLT offers virtually boundless possibilities in terms of construction concepts and architecture, and is fully compatible with other building materials. In fact, it offers many advantages over conventional construction materials, such as short set-up time, good insulating properties and positive CO₂ balance.

Over recent years, Stora Enso has provided CLT to build more than 50 schools in Central Europe. Of these, 10 are located in Vienna, Austria. In the latest project, Quellenstraße, the classic carpentry company Raimund Baumgartner GmbH, specialising in timber structures, was responsible for the timber construction of the building. This school expansion was finalised at the end of 2017.

"We usually have very tight schedules for the school projects as they are implemented during the summer holiday period. Hence, using CLT allows us to plan the construction precisely in advance, and assemble these multi-storey buildings quickly. We believe that the demand for CLT will increase in the future due to the good structural properties and pleasant indoor climate created by wood. We see CLT as the construction material for a sustainable future," says **Patrick Wastian**, Project Manager at Raimund Baumgartner.

"The sustainable use of resources is extremely important to us. Hence, wood is a natural choice. Especially in school buildings, we need to consider our responsibility towards future generations. The precisely and on-time prefabricated elements can be assembled flexibly, quickly and efficiently," says **Rainer Loos**, Project Manager at WIP Wiener Infrastruktur Projekt GmbH, a company that has worked with Stora Enso on several school projects.



- 01 In July 2017, Stora Enso and Aalto University built a special stage of 50 LVL frames for week-long public debate forum SuomiAreena in Finland.
- 02 Student houses in Trondheim, Norway, are a recent showcase of growing demand of CLT in construction of sustainable buildings.
- 03 As an alternative to steel and concrete, wooden buildings and components store carbon during their lifetime. They can also help reduce carbon emissions in production and transport.

We believe that the demand for cross laminated timber will increase in the future due to the good structural properties and pleasant indoor climate created by wood.



Stora Enso's ability to service our stores, whilst supporting the other parts of our network, has been outstanding. While many Australian suppliers struggle to cope with the heightened market demand, Stora Enso continues to perform beyond our expectations.

Jason MacMartin
National Buyer – Timber
Bunnings Group Limited (Australia)

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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. Customers benefit from Stora Enso's broad selection of papers made from recycled and virgin fibre, as well as our valuable industry experience, know-how and customer support.



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Offering

- Newsprint and book papers
- Uncoated magazine papers (SC)
- Coated papers
- Office papers
- Technical customer service
- eBusiness solutions
- Sustainability support

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
- More than 90% of the paper brands awarded ecolabels

Paper division continues to improve competitiveness by lowering costs and by further improving the efficiency and processes throughout its operations.



The division has nine paper mills with 18 production lines in Europe and one joint venture paper machine in China.

Sales

82%
Europe

9%
Asia Pacific

9%
Rest of the world

Strategy

Best sustainable value creator in the paper business

The Paper division's ambition is to be the best sustainable value creator in the paper business through customer focus and efficiency. The division is continuously developing its product and service offering for the benefit of the environment and customers.

To ensure delivery reliability and reduced lead times, the Paper division has recently built a new supply chain organisation to manage sales and operational planning, customer demand and logistics capacity. E-commerce and other new services provide opportunities for improving ways of working and creating new business models. The division also aims to gain new business by strengthening commercial processes, sales related skills and leadership.



The Paper division is continuously developing its product and service offering for the benefit of the environment and customers.



The Paper division is constantly looking for the best ways to increase the efficiency of its processes to secure an optimal cash flow. The division works to further reduce the use of raw materials and energy, while lowering emissions. To achieve its ambition, the Paper division has defined five key focus areas – safety, smart production, commercial excellence, world class supply chain, and leadership – that will serve as the foundation for a better customer experience and exceptional efficiency.

Business environment

Power of print in retail continues

The megatrend of digitalisation is driving the structural change in the marketplace and affects the demand for paper. The increased use of digital media has had a negative impact, especially on the demand for newsprint. However, print and digital coexist and support each other: advertisers see flyers and folders as a highly effective means for getting consumers to the bricks-and-mortar retail or online stores. Online retailers publish printed magazines and establish physical store locations to improve customer experience. Furthermore, book paper sales have been stable as many people prefer reading books in the traditional paper and ink format.

Copy paper is performing relatively well as people continue to print at the offices and at home. Developments in digital technologies are also opening up the potential for new cost-efficient print processes and on-demand production processes.



Innovation approach

Creating new business models and service concepts

The Paper division's product development focuses on optimising product quality while keeping production costs at a competitive level. The Paper division develops new or improved paper products, such as



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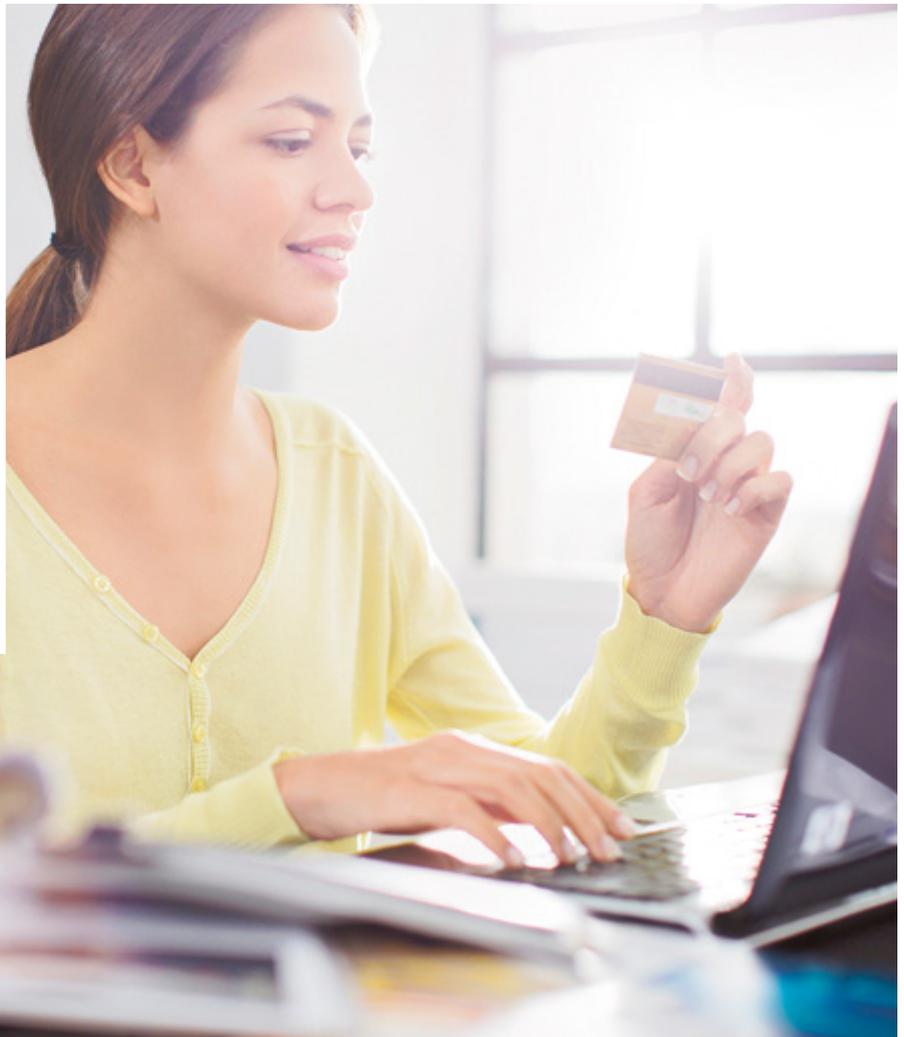
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As technology advances, the Paper division aims to utilise the benefits of digitalisation. By combining and analysing data from our paper machines, we can make better decisions on how to run our equipment for improved efficiency.

Kati ter Horst
Executive Vice President
Division Paper



Print and digital media coexist and support each other. Developments in digital technologies are also opening up potential for new cost-efficient print and on-demand processes.

FlyoBrite by Stora Enso with good printability for retail advertising, and the carbon neutral copy paper, Multicopy Zero by Stora Enso. Utilising its asset capabilities, the division identifies new non-paper related business opportunities. An example of this is the start of biocomposite production at Hylte Mill in Sweden. Innovation efforts in operational excellence focus on keeping the assets competitive, as well as improving processes and ways of working.

As part of the pursuit of efficiency, the division has started to roll out the Paper Production System, a common way to operate its mills. Based on the lean manufacturing principles, the approach aims to improve the productivity further and reduce waste, whether it is time or use of materials in excess. Development of the needed competencies for the future is part of this approach.

Transformation in action

Asset base reviews and digitalisation

The Paper division regularly reviews its asset capabilities – pulp mills, paper machines and energy set-ups – to evaluate how the productivity and profitability could be improved. Possibilities are also found in the successful paper machine conversions, as in the case of Varkaus.



The Paper division continues to invest in the future, and its investments totalled EUR 100 million in 2017. The division also restructures its business to ensure a strong cash flow. In June 2017, the SC paper machine 8 at Kvarnsveden Mill in Sweden was permanently closed.

As technology advances, the division aims to utilise the benefits of digitalisation. By combining and analysing data from its paper machines, better decisions can be made on how to run equipment for improved efficiency. Digitalisation allows us to control certain processes from a distance, or complete time-consuming checks in challenging locations, for instance, by using drones.

In the summer of 2017, Stora Enso finalised an internal project to review how to create the best conditions for the Paper division to compete under the increasing cost pressures and declining market demand. As a result, the Paper division now has a clearer and more efficient legal structure.

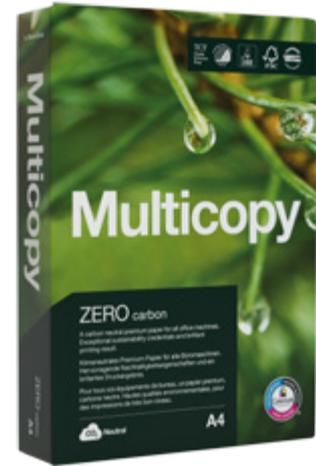
The Paper division is always looking for ways to improve customer satisfaction, which is measured by the Net Promoter Score (NPS). During the past few years, our customers have consistently given us higher ratings for delivery performance, sales and services as well as technical customer service.

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Customers, sustainability and innovation at the core

Hachette Livre was established in 1826, and is the third largest private-sector consumer book publisher in the world with global activities focussing on general literature, education, lifestyle, travel and children's books, for example. Hachette Livre also operates a distribution business processing more than 580 million books globally every year.

"We have been Stora Enso's customer for over 20 years, buying mainly uncoated bulky papers for the books and paperbacks that we publish in the UK and in France. We appreciate particularly that Stora Enso continues to do its utmost to find a solution to all our needs, regardless of the size or degree of urgency. Our business relationship works well, as both companies work in a reliable manner," says **Adrian Hurst**, Purchasing Manager at Hachette Livre.

Hachette Livre is well equipped to face new challenges such as the ambitions of internet companies, consolidation of book retailing and the advent of digital e-readers. In the face of these changes, Hachette Livre must make sure that its publishers have the resources to meet the expectations of both readers and authors.

"Looking forward, we expect a proactive approach from our partners to find ways to reduce costs throughout the supply chain, to enable more efficient book production processes. Sustainability is always one of the main driving forces, whether the aim is the reduction of waste and emissions, or to maintain sustainable and well-managed forests. It is very important to us that the customers, sustainability and innovation are always at the core of Stora Enso's business."

Multicopy Zero by Stora Enso is a carbon neutral premium paper for office use. Carbon neutrality means the net greenhouse gas emissions associated with a product are zero. Multicopy carries several environmental labels and the product, as well as the packaging material, are 100% recyclable.

Main achievements in 2017

- Stable sales in a declining market
- Paper Production System, a common way to operate paper mills, launched to further increase efficiency and reduce waste
- Improved customer satisfaction, measured by Net Promoter Score
- Improved processes and tools in Sales and Supply Chain
- New legal set-up for Paper division completed

Main focus and targets in 2018

- Safety, aiming at zero accidents
- Increase competitiveness through fit-for-purpose product offering, price increases, tight cost management and high capacity utilisation
- Develop efficiency in operations and supply chain through digitalisation and automatization
- Sustainability as a competitive advantage
- Operational excellence



Heidelberg is a leader in printing technology, and we have high demands on the paper and board we use. Printers have very high requirements for printed materials, and what we produce must be close to perfect. Therefore, Stora Enso is our main supplier of paper and board.

Roland Krapp
Head of Print Media Center
Heidelberg

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Board of Directors



Jorma Eloranta

- Chairman of Stora Enso's Board of Directors since April 2017, Vice Chairman April 2016 – April 2017. Independent of the company and the significant shareholders.
- Born 1951. M.Sc. (Tech.), D. Sc. (Tech.) h.c.
- Owns 1 150 A shares and 12 660 R shares in Stora Enso.



Hans Stråberg

- Vice Chairman of Stora Enso's Board of Directors since April 2017, member since April 2009. Independent of the company and the significant shareholders.
- Born 1957. M.Sc. (Eng.)
- Owns 35 006 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 18 384 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 18 384 R shares in Stora Enso.



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 24 167 R shares in Stora Enso.



Christiane Kuehne

- Member of Stora Enso's Board of Directors since April 2017. Independent of the company and the significant shareholders.
- Born 1955. LL.M., B.B.A.
- Owns 2 475 R shares in Stora Enso.

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**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 31 060 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 16 517 R shares in Stora Enso.

**Göran Sandberg**

- Member of Stora Enso's Board of Directors since April 2017. Independent of the company but not of its significant shareholders due to his position as executive director of majority shareholders of FAM AB.
- Born 1955. Ph.D.
- Owns 2 475 R shares in Stora Enso.

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.

➤ For more detailed information about the Board of Directors, see storaenso.com/investors/governance/board-of-directors.

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Markus Mannström

Seppo Parvi

Karl-Henrik Sundström

- Chief Executive Officer (CEO)
- Born 1960. B.Sc. (Business Studies). Joined the company in 2012.
- Owns 72 848 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 17 026 R shares in Stora Enso.

Malin Bendz

- Executive Vice President, HR
- Born 1976. B.Sc. (Personnel Mgmt & Org. Development), MBA. Joined the company in 2000.
- Owns 13 793 R shares in Stora Enso.

Annica Bresky

- Executive Vice President, Division Consumer Board
- Born 1975. M.Sc. (Engineering), MBA. Joined the company in May 2017.
- Does not own any Stora Enso shares.

Johanna Hagelberg

- Executive Vice President, Sourcing and Logistics
- Born 1972. M.Sc. (Industrial Eng. & Mgmt) and M.Sc. (Eng. and Mgmt of Manufacturing Systems). Joined the company in 2013.
- Owns 4 745 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 19 166 R shares in Stora Enso.

Ulrika Lilja

- Executive Vice President, Communications
- Born 1975. M.Sc. (BA and Econ.). Joined the company in 2014.
- Owns 16 582 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 44 632 R shares in Stora Enso directly and 1 257 R shares through related persons (spouse).

Markus Mannström

- Executive Vice President, Division Biomaterials
- Born 1963. M.Sc. (Paper Tech.). Joined the company in 2001.
- Owns 25 746 R shares in Stora Enso.

Noel Morrin

- Executive Vice President, Sustainability
- Born 1958. B.Sc. Joint Honours, First Class (Chemistry and biology). Joined the company in 2015.
- Owns 18 092 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 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 23 068 R shares in Stora Enso.

Juan Carlos Bueno, Executive Vice President, Division Biomaterials, was a member of the Group Leadership Team until 31 May 2017.

➤ For more detailed information about the Group Leadership Team, see storaenso.com/investors/governance/group-leadership-team.

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- > How we create value

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- > Strategy
- > Innovation

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For investors

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.

After asset transformation, Stora Enso focuses on offering innovative products and services for its customers addressing attractive end-use segments. This is expected to lead to faster growth than relevant markets excluding the Paper division. Stora Enso also aims to deliver sustainable profitable growth and to generate superior return on capital employed (ROCE), which is one its key strategic targets.

Annual General Meeting (AGM)

Stora Enso Oyj's AGM will be held at 16.00 (Finnish time) on Wednesday 28 March 2018 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, 16 March 2018. Instructions for submitting notice of attendance will be given in the invitation to the AGM, which can be consulted at storaenso.com/agm.

Dividend

The Board of Directors proposes to the AGM that a dividend of EUR 0.41 per share be paid to the shareholders for the fiscal year ending 31 December 2017. 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.

Contacts

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AGM and dividend in 2018

-  16 MAR Record date for AGM
-  28 MAR Annual General Meeting (AGM)
-  29 MAR Ex-dividend date
-  3 APR Record date for dividend
-  10 APR Dividend payment

Distribution of financial information

- > Stora Enso's Annual Report 2017 is available at storaenso.com/annualreport.
- > Interim Reports are published at storaenso.com/interimreportarchive.

Publication dates for 2018

-  9 FEB Financial statement release for 2017
-  WEEK 9 Annual Report 2017
-  27 APR Interim Report for January–March
-  20 JULY Half Year Financial Report
-  26 OCT Interim Report for January–September

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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.