Governance covers Stora Enso’s governance policy, practices, and actions, as well as our remuneration statement.
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Corporate Governance in Stora Enso 2019

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

Stora Enso complies with the Finnish Corporate Governance Code 2020 issued by the Securities Market Association (the "Code") with the exception of the Remuneration Statement, which is prepared according to the Finnish Corporate Governance Code 2015. The Code is available at cgfinland.fi. Stora Enso also complies with the Swedish Corporate Governance Code ("Swedish Code"), with the exception of the deviations listed in Appendix 1 of this Corporate Governance Report. The deviations are due to differences between the Swedish and Finnish legislation, governance code rules and practices, and in these cases Stora Enso follows the practice in its domicile. The Swedish Code is issued by the Swedish Corporate Governance Board and is available at corporategovernanceboard.se.

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

General governance issues
The Board and the President and CEO are responsible for the management of the Company. Other governance bodies have an assisting and supporting role. The Stora Enso group prepares Consolidated financial statements and Interim Reports conforming to International Financial Reporting Standards (IFRS), and publishes Annual Reports as well as Interim Reports in Finnish, Swedish and English language. Stora Enso Oyj prepares its Financial statements in accordance with the Finnish Accounting Act.

The Company’s head office is in Helsinki, Finland. It also has head office functions in Stockholm, Sweden. Stora Enso has one statutory auditor elected by the shareholders at the Annual General Meeting (AGM). To the maximum extent possible, corporate actions and corporate records are taken and recorded in English.

Objectives and composition of governance bodies
The shareholders exercise their ownership rights through the shareholders’ meetings. The decision-making bodies with responsibility for managing the Company are the Board and the CEO. The Group Leadership Team (GLT) supports the CEO in managing the Company.

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

Governance bodies

Shareholders’ meeting

Shareholders’ Nomination Board

Board of Directors

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

President and CEO

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

Auditing

Internal Audit

External Audit

Shareholders’ meetings

The Annual General Meeting of shareholders (AGM) is held annually to present detailed information about the Company’s performance and to deal with matters such as adopting the annual accounts, setting the dividend (or distribution of funds) and its payment, and appointing the Chair, Vice Chair and members of the Board of Directors as well as the Auditor.

Shareholders may exercise their voting rights and take part in the decision-making process of Stora Enso by attending shareholders’ meetings. Shareholders also have the right to ask questions of the Company’s management and Board of Directors at shareholders’ meetings. Major decisions are taken by the shareholders at Annual or Extraordinary General Meetings. At a shareholders’ meeting, each A share and each ten R shares carry one vote.

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

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

- presentation and adoption of the annual accounts
- presentation of the report of the Board of Directors and the Auditor’s report
- use of the result and distribution of funds to the shareholders
- resolution concerning discharge of the members of the Board and the CEO from liability
- presentation of remuneration policy and/or report
- decision on the number and the remuneration of the members of the Board and the Auditor
- election of the Chair, Vice Chair and other members of the Board and the Auditor
- any other matters notified separately in the notice to the meeting.

In addition, the AGM shall take decisions on matters proposed by the Board of Directors. A shareholder may also propose items for inclusion in the agenda provided that they are within the authority of the shareholders’ meeting and the Board of Directors was asked to include the items in the agenda no later than on the date set out by
the company, which must be not earlier than four weeks before the publication of the notice to the meeting and which will be announced at the Company’s website no later than by the end of the financial year preceding the AGM.

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

In 2019
Stora Enso’s AGM was held on 14 March 2019 in Helsinki, Finland. Of all issued and outstanding shares in the Company a total of 59.4% of all shares (57.8% in 2018) and a total of 80.9% of all votes (71.4%) were represented at the meeting, with 91.6% of all shares (78.1%) and 50.1% of all R-shares (52.0%) represented. All Board and GLT members as well as the Company’s Auditor were present at the meeting. The AGM in addition to regular matters authorised the Board to decide on a share issue or share repurchase covering a maximum of 2,000,000 R shares in order to carry out the Company’s compensation or remuneration schemes. No Extraordinary General Meetings of Shareholders were convened in 2019.

Shareholders’ Nomination Board
Shareholders at the Annual General Meeting (AGM) have established a Shareholders’ Nomination Board to exist until otherwise decided and to annually prepare proposals to the shareholders’ meeting concerning:

• the number of members of the Board;
• the Chair, Vice Chair and other members of the Board;
• the remuneration for the Chair, Vice Chair and members of the Board;
• the remuneration for the Chair and members of the committees of the Board;

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

The Shareholders’ Nomination Board according to its Charter comprises four members:

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

The Board through its Chair shall ensure that the annual appointment of the members to the Shareholders’ Nomination Board is carried out in accordance with the AGM. The Board’s Chair shall annually convene the first meeting of the Shareholders’ Nomination Board, which shall elect its Chair amongst its members that annually are appointed by the Company’s two largest shareholders.

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

Board of Directors (Board)
Stora Enso is managed by the Board acting in accordance with the principles of the Board Diversity Policy in preparing its proposal. The Shareholders’ Nomination Board has a Charter that defines its tasks and responsibilities in more detail.

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

Composition of the Shareholders’ Nomination Board in 2019
Jorma Eloranta, Chair
Hans Stråberg, Vice Chair

For the purpose of carrying out its tasks, the Shareholders’ Nomination Board has received the results of the yearly evaluation of the Board of Directors as well as the assessment of each director’s independence of the Company and of significant shareholders. The Board performance evaluation material has also included a report on Board member interviews by the Chair of the Board of Directors. The Shareholders’ Nomination Board has taken the results of the Board evaluation and the requirements relating to director independence into account in its work. The Shareholders’ Nomination Board further considers the principles of the Board Diversity Policy in preparing its proposal. The Shareholders’ Nomination Board has a Charter that defines its tasks and responsibilities in more detail.

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

Composition of the Shareholders’ Nomination Board in 2019
Jorma Eloranta, Chair
Hans Stråberg, Vice Chair

The Board of Directors comprises five members and its subsidiaries and to disclose circumstances that might be perceived as a conflict of interest. The shareholdrs at the AGM decide the remuneration of the Board members (including the remuneration of the members of the Board committees).

The Board supervises the operation and management of Stora Enso and decides on significant matters relating to strategy, investments, organisation and finance. The Board is responsible for overseeing management and for the proper organisation of the Company’s operations. It is likewise responsible for overseeing the proper supervision of accounting and control of financial matters.

The Board has defined a working order, the principles of which are published on page 6 of this report and on the Company’s website.
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The AGM elects the Chair and Vice Chair of the Board. Should the Chair or Vice Chair of the Board of Directors resign or become otherwise unable to act as Chair or Vice Chair during their term of office, the Board may elect a new Chair or Vice Chair from among its members for the remaining term of office.

The Board yearly agrees on focus areas for the Board’s work during the upcoming year constituting the Board Agenda.

The Board appoints the CEO, Chief Financial Officer (CFO) and other QLJ members. The Board approves the main organisational structure of the Company.

The Board reviews and determines the remuneration of the CEO, which is described in the Annual Report and on the Company’s website. The Board and each of its Committees evaluates its performance annually. The results of the Board’s evaluation are reviewed by the Board and shall be communicated to the Shareholders’ Nomination Board, which shall take the results of the Board evaluation into account in its work. The Board also reviews the corporate governance policy annually and amends it when required.

The Board’s work is supported through its committees - the Financial and Audit Committee, the Remuneration Committee and the Sustainability and Ethics Committee. Each committee’s Chair and other members are appointed by the Board annually.

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

Board Diversity Policy

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

Directors shall be nominated on the basis of their merits and with consideration of the benefits of diversity and the principles that the Company refers to as Diversity of Thought, including but not limited to criteria of diversity such as gender, age, nationality and individual differences both in professional and personal experiences. The merits of directors include knowledge of the operational environment of the Company, its markets and of the industry within which it operates, and may include elements such as financial, sustainability or other specific competency, geographical representation and business background as required in order to achieve the appropriate balance of diversity, skills, experience and expertise of the Board collectively. The foremost criteria for nominating director candidates shall be the candidates’ skills and experiences, industrial knowledge as well as personal qualities and integrity. The composition of the Board as a whole shall reflect the requirements set by the Company operations and its development stage. The number of directors and the composition of the Board shall be such that they enable the Board to see to its duties efficiently. Both genders shall be represented on the Board and the aim of the Company shall be to strive towards a good and balanced gender distribution. The Shareholders’ Nomination Board has taken the principles of the policy into account in its work. The Shareholders’ Nomination Board finds that the composition of the Board as proposed to the AGM 2020 reflects diversity and a good variety of skills and experiences among the Board members following the principles set out in the Board Diversity Policy except as regards the aim to ensure a good and balanced gender diversity.

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

In 2019

The Board had nine members at the end of 2019, all of them independent of the Company. The Board members are also independent of significant shareholders of the Company with the exception of Richard Nilsson (Investment Manager at FAM AB), Göran Sandberg (Executive director of majority shareholders of FAM AB) and Antti Mäkinen (CEO of Solidum). Hans Stråberg having served on the Board for more than ten years, is based on an overall evaluation concluded independent of the Company. The Board members nominated at the AGM in 2019 were Jorma Elo (Chair), Hans Stråberg (Vice Chair), Elisabeth Fleuriot, Håkan Buskhe, Mikko Helander, Christiane Kuehne, Antti Mäkinen, Richard Nilsson and Göran Sandberg. The Board convened 12 times during the year. The members’ participation rate in meetings amounted to 100%.

In its meeting after the AGM on 14 March 2019 the Board discussed focus areas for its work. The Board agreed that these areas for the year to come should be (1) acceleration of growth, (2) improvement of efficiency and productivity and (3) talent management. Various matters have been discussed, reviewed and decided in the Board based on the agenda. Further, the CEO has on a monthly basis reported progress on the same to the Board.

The Board has conducted an internal self-evaluation relating to the Board’s work, which together with the evaluation of the Board members’ independence has been provided to the Shareholders’ Nomination Board for information. The Board performance evaluation has also included Board member interviews performed by the Chair, the result of which has been reported to the Shareholders’ Nomination Board. For detailed information about the Board members and their share ownerships, see pages 15-16.

Board Diversity in 2019

The Board has during 2019 been composed of nine members representing five different nationalities and a diverse range of experience from global companies and industrial sectors. All Board members have university degrees from different fields with a majority in the field of economics and finance in addition to which two members hold a doctorate degree. All members have vast experience from global companies either from earlier operative positions or through board memberships. A detailed description of the educational and professional backgrounds of the Board members can be found on pages 15-16.

The Board members represent a good knowledge of the operational environment of the Company as well as particular expertise appointed by the Board, to contribute to the rest of the Board members.

The Board Diversity Policy

The Shareholders’ Nomination Board has in 2019 considered its previous evaluation of competencies that may be further strengthened in the long term Board succession planning. In its proposal for the AGM 2020 the Shareholders’ Nomination Board has proposed a Board composition that includes two women and seven men in the age range of 49 years to 69 years and representing a total of five different nationalities. The proposed new Board member Håkan Buskhe would bring a strong industrial operative background and management as well as industrial competence and experience to the Board and work in the view of the Shareholders’ Nomination Board add strong value to the Board as a collective.

The aim of the Shareholders’ Nomination Board going forward is to continuously evaluate the long-term competencies that would benefit the Board work as well as ensure that a Diversity of Thought is maintained on the Board. The Shareholders’ Nomination Board particularly notes that the aim going forward is to strengthen the gender distribution of the Board with view of ensuring a good and balanced gender distribution in accordance with the Company’s Board Diversity Policy.
### Principal skills

- **Innovation**
- **Science and Forestry**
- **Finance**
- **Global Business**
- **Sustainability**
- **Operative Management**
- **Governance**
- **Business Leadership**
- **Industry**
- **Academic**

### Board diversity in figures

#### Tenure

- **Number of persons**
- **1-2 years**
- **3-5 years**
- **6-9 years**
- **≥10 years**

#### Gender

- **Number of persons**
- **Male**
- **Female**

#### Age*

- **Number of persons**
- **40-50**
- **51-60**
- **61-65**
- **>65**

* at 31 December 2019

The table sets out the primary skills of each Board member. The fact that an item is not highlighted for a Board member does not mean that such member does not possess that qualification or skill.
Working order of the Board

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

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

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

The Board of Directors’ and management’s annual working cycle

Board meeting
- SECo, FAC, RemCo

Inside Committee meeting

Ethics and Compliance Management Committee meeting

Board meeting (Full year and Q4 + annual governance update)
- SECo, FAC, RemCo

Inside Committee meeting

Annual General Meeting

Board meeting
- SECo

Inside Committee meeting

Board meeting (Q4)
- FAC

Inside Committee meeting

Board meeting (Q3)
- FAC

Inside Committee meeting

Board meeting (Q2)
- FAC

Inside Committee meeting

Board meeting (Q1)
- FAC, RemCo

Quarterly
- Meetings with auditors
- Divisional Business and Innovation Review meetings

Monthly
- GLT meetings
- Investment Working Group meetings

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

Matters to be handled at Board meetings
- matters specified by the Finnish Companies Act;
- approval of business strategy;
- organisational and personnel matters;
  - decisions concerning the basic top management organisation;
  - decisions concerning the composition of the GLT;
  - remuneration of the CEO;
  - appointment and dismissal of the CEO and approval of heads of divisions and other members based on CEO’s proposal;
  - appointment of Committee Chairs and members;
  - remuneration of GLT members based on CEO’s proposal;
  - review talent management and succession planning process (in particular CEO);
- economic and financial matters:
  - approval and review of annual budget;
  - approval of loans and guarantees, excluding intra-group loans and guarantees;
  - approval of share repurchases, if any, as well as report of share repurchases;
  - approval of Group Risk Management Policy according to Financial and Audit Committee’s proposal;
- investment matters:
  - approval of investment policy of the group;
  - approval of major investments;
  - approval of major divestments;
  - receive relevant analyst meeting presentations and analyst reports;
- other matters:
  - report of the CEO on the group’s operations;
  - reports of the Remuneration Committee, Financial and Audit Committee and Sustainability and Ethics Committee by the chairs of the respective committees. The recommendations and proposals by the Shareholders’ Nomination Board shall be reported to the Board by the Chair of the Board;
  - approval and regular review of the Corporate Governance Policy and the charters of the Board Committees;
  - annual self-assessment of Board work and performance as well as independence;
- other matters submitted by a member of the Board or the CEO.
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Board committees

The tasks and responsibilities of the Board committees are defined in their charters, which are approved by the Board. All the committees are responsible for overseeing the Company’s sustainability and ethical business conduct, its strive to be a responsible corporate citizen, and its contribution to sustainable development. The Committee regularly reviews Stora Enso’s Sustainability Strategy and Ethics and Compliance Strategy and, in accordance with Stora Enso’s corporate governance structure, oversees their effective implementation as well as the Company’s external sustainability reporting. In its work the Committee takes into consideration Stora Enso’s Purpose and Values as well as the Stora Enso Code and Business Practice Policy.

In 2019

The Financial and Audit Committee comprised three members in 2019: Richard Nilsson (Chair), Jorma Eloranta and Elisabeth Fleuriot.1 The Committee convened eight times. The members’ participation rate in meetings amounted to 100%. The main task of the Committee is to support the Board in maintaining the integrity of Stora Enso’s financial reporting and the Board’s control functions. To fulfil its task the Committee regularly reviews the Company’s system of internal control as well as its efficiency, management and reporting of financial risks, the audit process, the Company’s procedures for monitoring related party transactions and the annual corporate governance statement. It makes recommendations regarding the appointment of external auditor for the Parent Company and the main subsidiaries and monitors the auditor’s independence. The Committee comprises three to five Board members, who are independent and not affiliated with the Company. The members of the Committee must have sufficient expertise and experience to be able to challenge and evaluate the Company’s internal accounting function and internal and external audit functions. At least one member must have the relevant skills to evaluate their accounting annual report as required by applicable regulation. The Financial and Audit Committee meets regularly, at least four times a year. The Committee members meet the external and internal auditors regularly without the management being present. The Chair of the Committee presents a report on each Financial and Audit Committee meeting to the Board. The tasks and responsibilities of the Financial and Audit Committee are defined in its charter, which is approved by the Board. Remuneration Committee members may receive remuneration solely based on their role as directors. The compensation is decided by the shareholders at the AGM.

In 2019

The Remuneration Committee comprised three members in 2019. The members were Jorma Eloranta (Chair), Antti Mäkinen and Hans Stråberg.1 The Committee convened ten times. The members’ participation rate in meetings amounted to 100%. During the 2019 the Committee has been in charge of the recruitment process relating to the election of a new CEO. In addition, the Committee has regularly reviewed the Company’s system of internal control, management and reporting of financial risks, the audit process, the Company’s procedures for monitoring related party transactions and the annual corporate governance statement. It makes recommendations regarding the appointment of external auditor for the Parent Company and the main subsidiaries and monitors the auditor’s independence. The Remuneration Committee is responsible for formulating and implementing the Company’s policies on the appointment of external auditor. The financial and audit committee reports to the Board at least twice a year. The tasks and responsibilities of the Remuneration Committee are defined in its charter, which is approved by the AGM. The Remuneration Committee presents a report on each Remuneration Committee meeting to the Board. The tasks and responsibilities of the Remuneration Committee are defined in its charter, which is approved by the Board. Remuneration Committee members may receive remuneration solely based on their role as directors. The compensation is decided by the shareholders at the AGM.

In 2019

The Sustainability and Ethics Committee comprised three members in 2019: Christiane Kuehne (Chair), Hock Goh and Göran Sandberg.1 The Committee convened four times. The members’ participation rate in meetings amounted to 100%. The Committee’s tasks are defined in its charter, which is approved by the AGM. The Sustainability and Ethics Committee Charter is presented at storaenso.com/investors/governance.

Remuneration

Chair EUR 10 300 and member EUR 6 200 per annum as decided by the AGM.

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

1 The Committee prior to the AGM on 14 March 2019 comprised the following four members: Richard Nilsson (Chair), Jorma Eloranta, Christiane Kuehne and Antti Mäkinen.

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the Committee are defined in its charter, which is approved by the Board. Sustainability and Ethics Committee members may receive remuneration solely based on their role as directors. The compensation is decided by the shareholders at the AGM.

Management of the Company

Chief Executive Officer (CEO)

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

The Board approves the main organisation, including the functions reporting to the CEO. At the end of 2019 the CEO was directly in charge of the following functions, which also reported to her:
- Divisions* (Consumer Board, Packaging Solutions, Biomaterials, Wood Products, and Paper)
- IT
- Human Resources
- Legal, General Counsel
- Communications
- Sustainability
- Sourcing and Logistics
- CEO Office (responsible for Wood Supply*, innovation and R&D, and special strategic projects)

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

Group Leadership Team (GLT)

The GLT is chaired by the CEO. The GLT members are appointed by the CEO and approved by the Board. At the year end 2019, the eleven GLT members were the CEO, the CFO, the heads of the divisions, HR, Legal (who is also General Counsel), Communications, Sustainability, and Sourcing and Logistics.

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

- CEO Office (responsible for Wood Supply*, innovation and R&D, and special strategic projects)
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Group Leadership Team as at 31 December 2019

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Hannu Kasurinen</td>
</tr>
<tr>
<td>CFO</td>
<td>Sanna Parti</td>
</tr>
<tr>
<td>Legal, Country Manager Sweden</td>
<td>Per Lyrvall</td>
</tr>
<tr>
<td>Communications</td>
<td>Ulrika Lila</td>
</tr>
<tr>
<td>HR</td>
<td>Malin Bendz</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Noel Morrin</td>
</tr>
<tr>
<td>Sourcing and Logistics</td>
<td>Johanna Haapio</td>
</tr>
</tbody>
</table>

Kari-Henrik Sundström, CEO, was a member of the Group Leadership Team until 30 November 2019. Stora Enso has established a new Forest Division and starts reporting it separately as of 1 January 2020.

In 2019:
- The GLT had 11 members at the end of 2019. The GLT convened 12 times during the year. Important items on the agenda in 2019 were safety issues, financial performance, strategy and transformation, sustainability, customer-driven innovation, reviewing the operations of the Group, planning and following up investment and other strategic projects, digitalisation, and preparatory work for Board meetings.

Divisions and other functions

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

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

Innovation is organised and executed within the divisions to drive market and customer focus. The progress of innovation efforts is evaluated in quarterly Business and Innovation Reviews with the CEO, CFO, Head of Innovation, the division Head, and the division Innovation Head. Innovation funding is supported from group level by both the innovation and the digitalisation fund, where divisions make proposals, which are then reviewed and decided by IWG.

Sustainability work is led by the Executive Vice President (EVP), Sustainability, who reports directly to the CEO and is a member of the GLT. Everyday sustainability topics are managed by Group Sustainability Team together with Human Resources, Legal, Wood Supply, and Sourcing and Logistics functions, and divisions. Each of business divisions has its own Head of Sustainability, who reports directly to the Head of the division. Other key functions, such as and Sourcing and Logistics, have sustainability organisations to support their management teams. The everyday implementation of Stora Enso’s Sustainability Agenda is the responsibility of line management supported by functional experts at all levels. Stora Enso’s sustainability work is steered by Sustainability Council, which includes members...
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from five divisions, Sourcing and Logistics function, and subject matter experts from Group Sustainability team. It is chaired by the EVP Sustainability. The CEO has the ultimate responsibility for the successful implementation of Stora Enso’s strategic and sustainability strategies.

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

The Company has established proper disclosure policies and controls, and processes for quarterly and other ongoing reporting.

Other supervisory bodies and norms

Auditor

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

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

Internal Audit plan is risk and assurance-based and focuses to core-processes and supports in different business divisions and mills. Internal audit executes during the year possible special engagements based on separate request and agreed with management and Financial and Audit Committee. Financial and Audit Committee approves Internal Audit Annual Plan and Charter.

Ethics and Compliance Management Committee

Stora Enso’s Ethics and Compliance Management Committee supervises and monitors legal and regulatory ethics and compliance related policies, implementation and maintenance of processes and tools regarding the same, and concrete compliance issues and cases in the field of business practices. The Ethics and Compliance Management Committee consists of the General Counsel (Chair), CEO, CFO, Head of HR, Head of Communications, Head of Sustainability and Head of Internal Audit with the Legal Counsel as secretaries. The Ethics and Compliance Management Committee shall convene at least four times every year.

Ethics and Compliance

Stora Enso is committed to taking responsibility for its actions, to complying with all applicable laws and regulations wherever it operates, and to creating and maintaining ethical relationships with its customers, suppliers and other stakeholders. The Stora Enso Code is a single set of values defined for all employees, to provide guidance on the Company’s approach to ethical business practices, personal values, and human rights. These same values are applied wherever Stora Enso operates. In 2011 the company established its Business Practice Policy to complement the Code, which further sets out Stora Enso’s approach to ethical business practices and describes the processes for reporting on violations thereof. The Business Practice Policy was revised in 2016 in order to streamline and simplify policies and guidelines. Continuous e-learning, communication, face-to-face training and sign-off are organised in order to ensure that these are part of the everyday decision-making and activities at Stora Enso.

Stora Enso uses an index to monitor and evaluate employee perceptions of the work on topics covered by the Stora Enso Code, and it is based on employee responses to related questions in the annual employee survey. After five years of continuous improvements, the index decreased one unit to 84 in 2019 (85 in 2018). The target is to continue the previous positive trend and further efforts will therefore be put on communication and training in 2020.

In order to enhance the supervision and monitoring of legal and regulatory ethics and compliance cases by phone, mail, or online. This service, which covers all of Stora Enso’s units, is available 24/7.

Insider administration

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

The Company expects the management and all its employees to act in the way required of an insider. All unpublished information relating to the company’s present and future business operations shall be kept strictly confidential.

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

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

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

The insider guidelines do not permit Stora Enso PDMR’s or persons involved in the preparation of interim reports or financial results and entered into the Closed Period List to buy or sell any of the Company’s securities (i.e. shares, options and synthetic options).
Governance

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

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

Risk assessment
Stora Enso’s management specifies objectives relating to the preparation of financial statements. The Company applies an annual process to establish and approve by the Board of Directors. The Board of Directors is responsible for overseeing the processes established for monitoring related party transactions.

Internal control and risk management related to financial reporting
Internal control over financial reporting
The System of internal control related to financial reporting in the Stora Enso group is based on the framework described by the Committee of Sponsoring Organizations (COSO) and comprises five principal components of internal control: the control environment, risk assessment, control activities, information and communication, and monitoring.

The internal controls related to financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies.

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

Information and communication
The Company’s information and communication channels support the completeness and correctness of financial reporting. For example, the management communicates information about Stora Enso’s financial reporting objectives, financial control requirements, policies and procedures regarding accounting and financial reporting to all employees concerned. The management also communicates regular updates and briefings regarding changes in accounting policies and reporting and disclosure requirements.

Subsidiaries and operational units receive financial and management reports to the management, including the analysis of and comments on financial performance and risks. The Board receives reports on financial performance. That Board has in turn reviewed and external procedures for anonymous reporting of violations related to accounting, internal controls and auditing matters.

Monitoring
The Company’s financial performance is reviewed at each Board meeting. The Financial and Audit Committee reviews all interim reports and the Board approves them before they are released by the CEO. The annual financial statements and the Report of the Board of Directors are reviewed by the Financial and Audit Committee and approved by the Board. The effectiveness of the process for assessing risks and the effectiveness of control activities are monitored continuously at various levels. Information on the development of essential risk areas and executed and planned activities in these areas are regularly communicated to the Financial and Audit Committee. Monitoring involves both formal and informal procedures applied by management and processes owners, including reviews of results which are compared against the set budgets and plans, analytical procedures and key performance indicators. Stora Enso is utilizing an internal control tool to facilitate and automate internal control processes, control performance, controls monitoring and quarterly internal control reporting to management. In 2019 Stora Enso has further strengthened the use of the internal control tool and increased control automation.

Stora Enso has a separate internal auditing organisation which in addition to the Group Internal Control function monitors independently the design and operating effectiveness of internal controls over financial reporting. The role, responsibilities and organisation of Internal Audit are described under Other supervisory bodies and norms on page 11.
Remuneration Statement

This Remuneration statement describes Stora Enso’s main principles of remuneration and the remuneration paid to members of the Board of Directors, President and CEO and other members of the Group Leadership Team (GLT). The first part of this report describes Stora Enso’s remuneration decision-making procedure and remuneration principles. The second part describes the implementation in 2019 (Remuneration Report).

The Remuneration statement has been prepared in accordance with the Finnish Corporate Governance Code of 2015. The aforementioned Code is available at corpgeomarketi.sfs.fi. Stora Enso also complies with the Swedish Corporate Governance Code (“Swedish Code”), with the exception of the deviations listed in Appendix 1 of the Corporate Governance Report. The deviations are due to differences between the Swedish and Finnish legislation, governance code rules and practices, and in these cases Stora Enso follows the practice in its domicile. The Swedish Code is issued by the Swedish Corporate Governance Board and is available at corporategovernanceboard.se.

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

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

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

A fundamental element in the remuneration principles is the concept of pay-for-performance, and an important aspect of Stora Enso’s approach to remuneration is to look at the total remuneration provided to employees. Stora Enso’s total remuneration mix consists of:
• annual fixed salary
• variable pay components as short-term incentives (cash) and longterm incentives (shares when applicable)
• long-term employee benefits (pension, medical and health benefits)
• other benefits (car, housing, etc. when applicable)

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

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

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

Board member remuneration principles
Remuneration of the Board of Directors is decided annually by the shareholders at the AGM. The AGM in 2019 resolved in accordance with the proposal of the Shareholders’ Nomination Board that the members of the Board of Directors be paid the following annual remuneration for their term of office expiring at the end of the AGM 2020:
• for the Chair of the Board of Directors EUR 192 000
• for the Vice Chair of the Board of Directors EUR 109 000, and
• for other members of the Board of Directors EUR 74 000 each.

The annual remuneration for the members of the Board shall be paid in Company shares and cash so that 40% will be paid in Stora Enso R shares to be purchased on the Board members’ behalf from the market at a price determined in public trading, and the rest in cash. The shares will be purchased within two weeks from the publication of the interim report for the period 1 January 2020–31 March 2020 or as soon as possible in accordance with applicable legislation. The Company will pay any costs and transfer tax related to the purchase of Company shares. The Company has no formal policy requirements related to financial reporting.

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Decision-making procedure
Main principles of remuneration
Remuneration Report 2019
Members of the Board of Directors
Appendix 1

Remuneration decision-making procedure

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• for other members of the Board of Directors EUR 74 000 each.

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for the Board members to retain shares received as remuneration. In addition, the AGM decided that the following annual remuneration be paid to the members of the Board Committees:
- for the Chair of the Financial and Audit Committee EUR 20,600, and
- for the members of the Financial and Audit Committee EUR 14,400 each.
- for the Chair of the Remuneration Committee EUR 10,300, and
- for the members of the Remuneration Committee EUR 6,200 each.
- for the Chair of the Sustainability and Ethics Committee EUR 10,300, and
- for the members of the Sustainability and Ethics Committee EUR 6,200 each.

CEO remuneration principles
The President and CEO has been employed by Stora Enso since 1 May 2017 and assumed the position as President and CEO on 1 December 2019. She has a notice period of six months with a severance payment of twelve months salary on termination by the Company but with no contractual payments on any change of control. The President and CEO’s benefits include pension provisions. The President and CEO’s pension plan consists of a defined contribution pension plan with contributions of 30% of pensionable salary. Pensionable salary consists of base pay, vacation pay, and actual paid

Short Term Incentive (STI) programme for CEO
The CEO is entitled to a STI programme decided by the Board each year giving a maximum of 75% of annual fixed salary. The STI for 2018 and 2019 was based 70% on financial measures and 30% on Individual Key Targets.

Long Term Incentive (LTI) programmes for CEO
The CEO participates in the LTI programmes of 2017, 2018 and 2019. The LTI programmes have three-year targets and vest in one portion after three years. The 2017 programme is related to performance periods 2017-2019, the 2018 programme is related to performance periods 2018-2020 and the 2019 programme is related to performance periods 2019-2021. Three quarters (75%) of the opportunity in the 2017 programme is in Performance Shares, where shares will vest in accordance with performance criteria proposed by the Remuneration Committee and approved by the Board of Directors. One quarter (25%) of the opportunity is in Restricted Shares, for which vesting is only subject to continued employment. The opportunity under the 2018 and 2019 programme is in Performance Shares only. The financial success metric to continued employment. The opportunity under the 2018 and 2019 programmes. The programmes have three-year targets and vest in one portion after three years. The 2017 programme is related to performance periods 2017-2019, the 2018 programme is related to performance periods 2018-2020 and the 2019 programme is related to performance periods 2019-2021. Three quarters (75%) of the opportunity in the 2017 programme is in Performance Shares, where shares will vest in accordance with performance criteria proposed by the Remuneration Committee and approved by the Board of Directors. One quarter (25%) of the opportunity is in Restricted Shares, for which vesting is only subject to continued employment. The opportunity under the 2018 and 2019 programme is in Performance Shares only. The financial success metric to continued employment. The opportunity under the 2018 and 2019 programmes.

GLT remuneration principles
GLT members in Stora Enso receive a monthly salary, which in addition to a salary payment includes customary fringe benefits, such as mobile phones and cars. GLT members further have the possibility to receive yearly awards in the Company’s short term and long term incentive programmes for management.
In accordance with their respective pension arrangements, GLT members may retire at sixty-five years of age with pensions consistent with local practices in their respective home countries. Contrasts of employment provide for notice of six months prior to termination with severance compensation of twelve months’ basic salary if the termination is at the Company’s request.

Short Term Incentive (STI) programmes for the GLT other than the CEO

The GLT members have STI programmes with up to a maximum 50% or 60% of their annual fixed salary, payable the year after the performance period. 75% of the STI for 2018 and 2019 was based on financial measures and 30% on Individual Key Targets. The financial performance metrics in the STI programme are EBITDA and Working Capital Ratio. The Individual Targets are based on a balanced scorecard approach within the categories of Customer, People, Sustainability and Special Projects.

Long Term Incentive (LTI) programmes for GLT other than the CEO

The LTI programmes have three-year targets and vest in one portion after three years. The absolute to maximum vesting level is 100% of the number of shares granted. The opportunity under the 2019 programme is in Performance Shares, where the shares vest in accordance with performance criteria proposed by the Remuneration Committee and approved by the Board of Directors. The financial success metric in the Performance Share programme is 3-year EVA (Economic Value Added) and EPS (Earnings per Share) for the Stora Enso Group.

Remuneration Statement

Board remuneration in 2019

In 2019, the Board members of Stora Enso were compensated as set out in the following chart. Based on the decision of the AGM 2019, 40% of the Board remuneration was paid in Stora Enso R shares purchased from the market. In addition, Board members may receive a yearly compensation based on their positions as Chair or members of Board committees.

CEO remuneration

The total compensation for the current President and CEO in the period 1 December to 31 December 2019 amounted to EUR 100 000, including annual salary, customary fringe benefits (such as car and mobile phone) STI and LTI programmes, and pension costs. The total compensation for the former CEO in the period 1 January to 30 November 2019 amounted to EUR 2 569 000, including annual salary, customary fringe benefits (such as mobile phone) STI and LTI programmes, and pension costs.

The CEO has the potential to receive a value corresponding to a maximum of 27 160 shares before taxes under the 2019 LTI programme. The grant value EUR 331 018 is based on the share price at grant date and assuming the maximum vesting level during the three-year vesting period is achieved. There has been no settlement of shares to the CEO during the year.

GLT remuneration excluding CEO

The total compensation for the GLT members excluding CEO in 2019 amounted to EUR 9 038 000 including annual salary, customary fringe benefits (such as mobile phone) STI and LTI programmes, and pension costs. The total number of GLT members was 11 at year end 2019, including also the CEO. Under the 2019 LTI programme, GLT members (in GLT at year end) can potentially receive a value corresponding to 196 273 shares before taxes, assuming the maximum vesting level during the three-year vesting period (2019–2021) is achieved. Total number of shares actually transferred will be lower because a portion of shares corresponding to the tax obligation will be withheld to cover the income tax.

The financial success metric in the Performance Share programme is 3-year EVA (Economic Value Added) and EPS (Earnings per Share) for the Stora Enso Group.

<table>
<thead>
<tr>
<th>Year Ended 31 December</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair</td>
<td>192 000</td>
<td>175 000</td>
</tr>
<tr>
<td>Vice Chair</td>
<td>106 000</td>
<td>133 000</td>
</tr>
<tr>
<td>Board Member</td>
<td>74 000</td>
<td>72 000</td>
</tr>
</tbody>
</table>

40% of the Board remuneration in 2019 was paid in Stora Enso R shares purchased from the market and distributed as follows: to Chair 6 690 R shares, Vice Chair 3 801 R shares, and members 2 580 R shares each. The Company has no formal policy requirements for the Board members to retain shares received as remuneration.

The financial success metric in the Performance Share programme is 3-year EVA (Economic Value Added) and EPS (Earnings per Share) for the Stora Enso Group.

<table>
<thead>
<tr>
<th>Year Ended 31 December</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Value of shares</td>
<td>Total</td>
</tr>
<tr>
<td>Board members at 31 December 2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jorma Eloanta, Chair</td>
<td>140 77</td>
<td>217</td>
</tr>
<tr>
<td>Hans Stråberg, Vice Chair</td>
<td>71 44</td>
<td>115</td>
</tr>
<tr>
<td>Elisabeth Fauquot</td>
<td>58 30</td>
<td>88</td>
</tr>
<tr>
<td>Hekk Goh</td>
<td>50 30</td>
<td>80</td>
</tr>
<tr>
<td>Mikko Helander</td>
<td>44 30</td>
<td>74</td>
</tr>
<tr>
<td>Christiana Kajava</td>
<td>54 30</td>
<td>84</td>
</tr>
<tr>
<td>Antti Mäkinen</td>
<td>50 30</td>
<td>80</td>
</tr>
<tr>
<td>Richard Nilsson</td>
<td>65 30</td>
<td>95</td>
</tr>
<tr>
<td>Göran Sandberg</td>
<td>55 30</td>
<td>80</td>
</tr>
</tbody>
</table>

Formed Board members

Anna Brunila (until 14 March 2019)

The total remuneration as Directors 2019 is EUR 1 560 947 before taxes based on the share price at that date.

40% of the Board remuneration, excluding Committee remuneration, in 2019 was paid in Stora Enso R shares purchased from the market and distributed as follows: to Chair 6 690 R shares, Vice Chair 3 801 R shares, and members 2 580 R shares each. The Company has no formal policy requirements for the Board members to retain shares received as remuneration.

The financial success metric in the Performance Share programme is 3-year EVA (Economic Value Added) and EPS (Earnings per Share) for the Stora Enso Group.

<table>
<thead>
<tr>
<th>Year Ended 31 December</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Value of shares</td>
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The financial success metric in the Performance Share programme is 3-year EVA (Economic Value Added) and EPS (Earnings per Share) for the Stora Enso Group.
The aggregate remuneration paid to the CEO and GLT members in 2019

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CEO</strong></td>
<td><strong>Former CEO</strong></td>
<td><strong>Others</strong></td>
</tr>
<tr>
<td><strong>Remuneration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual salary</td>
<td>75</td>
<td>887</td>
</tr>
<tr>
<td>Local housing (actual costs)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other benefits</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td><strong>Short term incentive programme</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>571</td>
</tr>
<tr>
<td><strong>Long term incentive programme</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>566</td>
</tr>
<tr>
<td><strong>Termination benefits</strong></td>
<td>77</td>
<td>2,043</td>
</tr>
<tr>
<td><strong>Pension Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mandatory plans</td>
<td>23</td>
<td>62</td>
</tr>
<tr>
<td>Stora Enso voluntary plans</td>
<td>0</td>
<td>464</td>
</tr>
<tr>
<td><strong>Total Compensation</strong></td>
<td>100</td>
<td>2,569</td>
</tr>
</tbody>
</table>

1 CEO remuneration consists of remuneration delivered to Annica Breisky from her appointment as President and CEO on 1 December 2019.
2 Former CEO remuneration consists of remuneration delivered to Karl-Henrik Sundström for the period up until his last day as CEO (30 November 2019).
3 Amounts include payments related to Annica Bresky until 30 November 2019 and Gilles van Nieuwenhuyzen until 6 December 2019. Payments related to the new GLT member Hannu Kasurinen have been included from 4 December 2019.
4 For the former CEO, Short term incentives for the financial year 2019 will be paid out on the normal payout date in March 2020. The former CEO did not receive any other termination benefits such as severance pay.
5 The former CEO participates in the Swedish Executive Pension Plan where pension accruals are unfunded for all participants, the liability is calculated and insured in accordance with Swedish legislation. The liability for the former CEO amounts to EUR 3,052 thousand.
6 The pay-out for Short term incentive in March 2019 was based on 2018 results and for Long term incentive payouts in March 2019 were based on 2016–2018 results. Disclosed amounts are included for the executives who were GLT members at the time of the payment.
7 Remuneration for executives is disclosed only for the period during which they were GLT members.

CEO and GLT share interests

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

<table>
<thead>
<tr>
<th>Executives in office at the year end</th>
<th>R Shares helda</th>
<th>Performance share opportunityb</th>
<th>Restricted share opportunityc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annica Breisky</td>
<td>0</td>
<td>76,361</td>
<td>8,397</td>
</tr>
<tr>
<td>Seppo Parvi</td>
<td>32,202</td>
<td>63,149</td>
<td>6,454</td>
</tr>
<tr>
<td>Malin Bendz</td>
<td>19,162</td>
<td>44,776</td>
<td>4,539</td>
</tr>
<tr>
<td>Johanna Hagelberg</td>
<td>16,039</td>
<td>48,164</td>
<td>5,091</td>
</tr>
<tr>
<td>Kati Iar Horst</td>
<td>38,772</td>
<td>81,011</td>
<td>8,043</td>
</tr>
<tr>
<td>Hannu Kasurinen</td>
<td>31,486</td>
<td>71,903</td>
<td>7,967</td>
</tr>
<tr>
<td>Ulrika Lilja</td>
<td>25,732</td>
<td>42,304</td>
<td>4,471</td>
</tr>
<tr>
<td>Par Lynai</td>
<td>59,362</td>
<td>60,516</td>
<td>6,450</td>
</tr>
<tr>
<td>Markus Mannström</td>
<td>18,392</td>
<td>52,084</td>
<td>5,601</td>
</tr>
<tr>
<td>Noel Morrin</td>
<td>33,756</td>
<td>49,256</td>
<td>5,382</td>
</tr>
<tr>
<td>Jari Suominen</td>
<td>37,985</td>
<td>59,337</td>
<td>6,121</td>
</tr>
<tr>
<td>Total, serving officers</td>
<td>312,988</td>
<td>590,261</td>
<td>64,516</td>
</tr>
</tbody>
</table>

1 None of the GLT members holds A shares.
2 Potential shares to GLT members listed here are gross of taxes for the LTI programmes started in 2017, 2018, and 2019 covering three year periods during 2017–2021, with vesting in 2020, 2021 and 2022 respectively.
3 Spouse holds 1,257 of the shares.
4 The Company recommends and expects GLT members to hold Stora Enso shares at a value corresponding to at least one annual base salary. Stora Enso shares received as remuneration are therefore recommended not to be sold until this level has been reached.
Members of the Board of Directors

Jorma Eloranta
Born 1951. M.Sc. (Tech), D.Sc. (Tech) h.c.
Position
Chair of Stora Enso’s Board of Directors since April 2017. Vice Chair April 2016–April 2017. Member of Shareholders’ Nomination Board since April 2016. Chair of the Remuneration Committee since April 2017 and member since April 2016. Member of the Financial and Audit Committee since April 2017.
Board memberships
Chair of the Board of FinnFak Foundation. Member of the Board of Cartagex. Vice Chair of the Supervisory Board in Finnish Naval Foundation. Chair of the Board and CEO of Pielvoi Ltd.
Principal work experience

Hans Stråberg
Born 1957. M.Sc. (Eng.).
Position
Vice Chair of Stora Enso’s Board of Directors since April 2017 and member since April 2009. Member of Shareholders’ Nomination Board since April 2017. Member of the Remuneration Committee since March 2010.
Board memberships
Chair of the Board of Atlas Copco AB, Rostec AB, CTEK Holding AB and AB SKF. Member of the Board of Investor AB, Medley Gård AB, Medley Technologies International AB and Aronica AB.
Principal work experience and other information
Total remuneration 2019, EUR 88 400
Meeting attendance 12/12
FAC attendance 12/12
RemCo attendance 10/10
SECO attendance 10/10
Shareholding1
Owes 41 291 R shares in Stora Enso.
Independent member
Yes

Elisabeth Fleuriot
Born 1956. M.Sc. (Eng.).
Position
Member of Stora Enso’s Board of Directors since April 2016. Member of the Remuneration Committee since April 2017.
Board memberships
Board member and Chair of CSR Committee at G4S.
Principal work experience and other information
Total remuneration 2019, EUR 70 737
Meeting attendance 12/12
FAC attendance 12/12
RemCo attendance 12/12
SECO attendance 12/12
Shareholding1
Owes 23 731 R shares in Stora Enso.
Independent member
Yes

Hock Goh
Position
Member of Stora Enso’s Board of Directors since April 2013. Member of the Sustainability and Ethics Committee since April 2017.
Board memberships
Member of the Board of AB SKF, Santos Australia and Veuxus Ptc.
Principal work experience and other information
Total remuneration 2019, EUR 60 200
Meeting attendance 12/12
FAC attendance 12/12
RemCo attendance 12/12
SECO attendance 12/12
Shareholding1
Owes 28 484 R shares in Stora Enso.
Independent member
Yes

Mikko Helander
Position
Chair of Stora Enso’s Board of Directors since March 2019.
Board memberships
Chair of the Board of Empirax until 31 December 2019. Chair of the Board of Finnish Commerce Federation. Vice Chair of the Board of the Confederation of Finnish Industries ER, Member of the Board of Finnish Chambers of Commerce and Rajamäki Varljahn Säätiö foundation. Member of the Delegation of Finnish Business and Policy Forum EVA. Member of the supervisory Board of Finnish Fair Foundation.
Principal work experience and other information
Santos Australia and Vesuvius Plc. Member of the Board of AB SKF, Investor AB, Mellby Gård AB, Hedson AB, Roxtec AB, CTEK Holding AB and other information of the Board and CEO of Pienelo Ltd. Board in Finnish Naval Foundation. Chair Cargotec. Vice Chair of the Supervisory Foundation. Member of the Board of Finnish Fair Foundation. Chair of Stora Enso’s Board of Directors since April 2017, Vice Chair April 2016–April 2017. Member of Shareholders’ Nomination Board since April 2016. Chair of the Remuneration Committee since April 2017 and member since April 2016. Member of the Financial and Audit Committee since April 2017.
Board memberships
Chair of the Board of FinnFak Foundation. Member of the Board of Cartagex. Vice Chair of the Supervisory Board in Finnish Naval Foundation. Chair of the Board and CEO of Pielvoi Ltd.
Principal work experience
Total remuneration 2019, EUR 88 400
Meeting attendance 12/12
FAC attendance 12/12
RemCo attendance 12/12
SECO attendance 12/12
Shareholding1
Owes 41 291 R shares in Stora Enso.
Independent member
Yes

1 Detailed description of Board Remunerations and Committee Memberships as decided by the AGA in 2019 on page 13.
2 Shares held by Board Members and related parties. Board members’ related parties held no Stora Enso shares.
3 Meetings attended out of the meetings held after election as FAC member.
4 Meetings attended out of the meetings held after election as Board member.

The independence is evaluated in accordance with Recommendation 10 of the Finnish Corporate Governance Code. The full recommendation can be found at cgfinland.fi. A significant shareholder recommendation is 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 newly issued shares.

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Members of the Board of Directors

- Jorma Eloranta
- Hans Stråberg
- Elisabeth Fleuriot
- Hock Goh
- Mikko Helander

Goverance

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Jorma Eloranta
Born 1951. M.Sc. (Tech), D.Sc. (Tech) h.c.
Position
Chair of Stora Enso’s Board of Directors since April 2017. Vice Chair April 2016–April 2017. Member of Shareholders’ Nomination Board since April 2016. Chair of the Remuneration Committee since April 2017 and member since April 2016. Member of the Financial and Audit Committee since April 2017.
Board memberships
Chair of the Board of FinnFak Foundation. Member of the Board of Cartagex. Vice Chair of the Supervisory Board in Finnish Naval Foundation. Chair of the Board and CEO of Pielvoi Ltd.
Principal work experience
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Christiane Kuehne
Born 1955, LL.M., B.B.A.
Position
Member of Stora Enso’s Board of Directors since April 2017. Chair of the Sustainability and Ethics Committee since March 2019.

Board memberships
Member of the Board of James Fraykis Ltd, Wetter Foundation and Foundation Pierre du Bois.

Principal work experience and other information
Operative roles within the Nestlé Group 1977–2015. Her last operative role at Nestlé was as Head of Strategic Business Unit Food with strategic responsibility for the food business in Nestlé at global level.

Total remuneration 2019, EUR
84 300
Meeting attendance
12/12
FAC attendance
RemCo attendance
SECo attendance
2/21
Shareholding
Owes 6 232 R shares in Stora Enso.
Independent member
Yes

Antti Mäkinen
Born 1961, LL.M.
Position
Member of Stora Enso’s Board of Directors since March 2016. Member of the Remuneration Committee since March 2019.

Board memberships
Member of the Board of Raka Oy, Marcus Wallenberg Foundation and Sampio Oy. Chair or a member of the shareholders’ nomination boards of several listed companies.

Principal work experience and other information
CEO of Södertidning since 2017. Several leading management positions within Nordea Corporate & Investment Banking, most notably as Head of Corporate Finance in Finland, Head of Strategic Coverages and as Co-Head for Corporate & Investment Banking, Finland 2010–2017. CEO of eQ Corporation and its main subsidiary eQ Bank Ltd. 2005–2009.

Total remuneration 2019, EUR
82 200
Meeting attendance
12/12
FAC attendance
RemCo attendance
SECo attendance
Shareholding
Owes 20 834 R shares in Stora Enso.
Independent member
Yes/no

Richard Nilsson
Born 1970, B.Sc. (BA and Econ.).
Position
Member of Stora Enso’s Board of Directors since April 2014. Chair of the Financial and Audit Committee since April 2019. Member of the Remuneration Committee since April 2015.

Board memberships
Member of the Board of Directors of POCO AB and group companies.

Principal work experience and other information

Total remuneration 2019, EUR
84 600
Meeting attendance
12/12
FAC attendance
6/11
RemCo attendance
SECo attendance
Shareholding
Owes 6 792 R shares in Stora Enso.
Independent member
Yes

Göran Sandberg
Born 1955, Ph.D.
Position
Member of Stora Enso’s Board of Directors since April 2017. Member of the Sustainability and Ethics Committee since April 2017.

Board memberships
Member of the Board of the Marcus Wallenberg Foundation for Promoting Scientific Research in the Forest Industry and the Wallenberg Foundations AB.

Principal work experience and other information
Professor in Plant Biology and professor at the Swedish University of Agricultural Science and the Umeå University. Executive director of the Knut and Alice Wallenberg Foundation and the Marianne and Marcus Wallenberg Foundations. Member of the Royal Swedish Academy of Science, the Royal Swedish Academy for Agriculture and Forestry Sciences, and the Royal Swedish Academy of Engineering Sciences. His previous positions include Vice chancellor of Umeå University 2005–2010, Chair of Umeå Plant Science Center 1996–2004, Chair of SciLifeLab Sweden 2013-2016 as well as Board member of the Human Protein Atlas project and the Wallenberg Wood Science Center.

Total remuneration 2019, EUR
82 200
Meeting attendance
12/12
FAC attendance
RemCo attendance
SECo attendance
Shareholding
Owes 4 717 R shares in Stora Enso.
Independent member
Yes

1 Detailed description of Board Remuneration and Committee Memberships as decided by the AGM in 2019 on page 13.
2 Shares held by Board members and related parties. Board members’ related parties held no Stora Enso shares.
3 Meetings attended out of the meetings held after election as SECo chair.
4 Meetings attended out of the meetings held after election as RemCo member.
5 Antti Mäkinen is independent of the company but not of its significant shareholders due to his position as the CEO of Södertidning.
6 Richard Nilsson is independent of the company but not of its significant shareholders due to his employment at FAM AB.
7 Göran Sandberg is independent of the company but not of its significant shareholders due to his position as executive director of majority shareholders of FAM AB, a significant shareholder of the company.

The independence is evaluated in accordance with Recommendation 10 of the Finnish Corporate Governance Code. The full recommendation can be found at www.netesuomalainen.net. A significant shareholder acc(10/10) or shareholder 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.

Anne Brunila was member of Stora Enso’s Board of Directors since April 2013 until her resignation on 14 March 2019. She was independent of the company and the significant shareholders.

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Siirry sisältöön
Strategy
Sustainability
Financials
Governance

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

Chair Member
Members of the Group Leadership Team

Annica Bresky  
Born 1975. M.Sc. (Engineering), MBA.  
Position  
President and Chief Executive Officer (CEO). Member of the GLT since 2017. Joined the company in 2017. President and CEO since 1 December 2019.  
Board memberships, principal work experience and other information  
Senior Vice President, Paper Sales, Stora Enso Printing and Living until 2014. Prior to that several managerial positions in the paper business. Vice Chair of the Board of EURO-GRAPH asbl. Member of the Board of Finnish Forest Industries Federation, Outokumpu Oyj and Climate Leadership Coalition.  
Shareholding  
Owns 16 039 R shares in Stora Enso.  

Seppo Parvi  
Born 1964. M.Sc. (Econ.).  
Position  
Chief Financial Officer (CFO), Deputy CEO. Country Manager Finland and member of the GLT since 2014. Joined the company in 2014.  
Board memberships, principal work experience and other information  
CFO and EVP , Food and Medical Business Area at Ahlstrom Corporation 2009–2014. CFO for Metsä Board (M-real) 2006–2009. Prior to that various line management positions at the packaging company Huhtamäki, including responsibilities such as paper manufacturing within Rigid Packaging Europe and General Manager for Turkey. Deputy Chair of the Board of the Finnish Forest Industries Federation and Pohjolan Voima Oy. Member of the Board of Ilmarinen and East Office of Finnish Industries Oy.  
Shareholding  
Does not own any Stora Enso shares.  

Malin Bendz  
Position  
Executive Vice President, HR until 15 January 2020. Member of the GLT since 2016. Joined the company in 2000.  
Board memberships, principal work experience and other information  
Shareholding  
Owns 19 162 R shares in Stora Enso.  

Johanna Hagelberg  
Position  
Executive Vice President, Sourcing and Logistics. Member of the GLT since 2014. Joined the company in 2013 as EVP Sourcing, Printing and Living.  
Board memberships, principal work experience and other information  
Chief Procurement Officer at Vattenfall AB 2010–2013. Prior to that leading Sourcing positions at NCC, RSA Scandinavia and within the Automotive Industry. Member of the Board of Bufab AB.  
Shareholding  
Owns 16 039 R shares in Stora Enso.  

Kati ter Horst  
Born 1968. MBA (International Business), M.Sc. (Marketing).  
Position  
Executive Vice President, Paper Division. Member of the GLT since 2014. Joined the company in 1996.  
Board memberships, principal work experience and other information  
Senior Vice President, Paper Sales, Stora Enso Printing and Living until 2014. Prior to that several managerial positions in the paper business. Vice Chair of the Board of EURO-GRAPH asbl. Member of the Board of Finnish Forest Industries Federation, Outokumpu Oyj and Climate Leadership Coalition.  
Shareholding  
Owns 38 772 R shares in Stora Enso.  

Hannu Kasurinen  
Born 1963. M.Sc. (Econ.).  
Position  
Executive Vice President, Consumer Board Division (Packaging Materials Division as of 1 January 2020). Member of the GLT since 4 December 2019. Joined the company in 1993.  
Board memberships, principal work experience and other information  
Executive Vice President, Consumer Board Division (Packaging Materials Division as of 1 January 2020), Member of the GLT since 4 December 2019. Joined the company in 1993.  

Shareholding  
Owns 31 486 R shares in Stora Enso.
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Members of the Group Leadership Team

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Ulrika Lilja
Born 1975. M.Sc. (BA and Econ.).
Position
Executive Vice President, Communications. Member of the GLT since 2014. Joined the company in 2014 as Senior Vice President Communications, Stora Enso Printing and Living.
Board memberships, principal work experience and other information
Director of External Communications at SSAB 2010–2013. Prior to that several leading communications positions at OMX Stockholm Stock Exchange and Neonet. Member of the Board of Swedish Association of Communication Professionals.
Shareholding
Owns 25 732 R shares in Stora Enso.

Per Lyrvall
Born 1959. L.L.M.
Position
Board memberships, principal work experience and other information
Prior to joining Stora Enso legal positions at Swedish courts, law firms and Assi Domän. Member of the Board of Swedish Association of Communication Professionals.
Shareholding
Owns 58 105 R shares in Stora Enso.

Markus Mannström
Position
Executive Vice President, Biomaterials Division. Member of the GLT since 2015. Joined the company in 2001.
Board memberships, principal work experience and other information
Shareholding
Owns 18 992 R shares in Stora Enso.

Noel Morrin
Position
Executive Vice President, Sustainability. Member of the GLT since 2015. Joined the company in 2015.
Board memberships, principal work experience and other information
Shareholding
Owns 33 756 R shares in Stora Enso.

Jari Suominen
Position
Executive Vice President, Wood Products Division until 31 December 2019. Executive Vice President, Forest Division as of 1 January 2020. Member of the GLT since 2014. Joined the company in 1995.
Board memberships, principal work experience and other information
Senior Vice President, Head of Building and Living Business Area until 2014. Prior to that several managerial positions in paper and wood products businesses. Chair of Finnish Wood Products Industry Association. Member of the Board of Tornator. Member of the supervisory board of Varma Mutual Pension Insurance Company. Deputy Member of the Board of East Office of Finnish Industries Oy.
Shareholding
Owns 37 985 R shares in Stora Enso.

Karl-Henrik Sundström, CEO, was a member of the Group Leadership Team until 30 November 2019.
Gilles van Nieuwenhuyzen, EVP Packaging Solutions, was a member of the Group Leadership Team until 6 December 2019.
David Elberg, acting Head of Packaging Solutions as of 6 December 2019, not a member of GLT.
Seppo Tolka, acting Head of Wood Products as of 1 January 2020, not a member of GLT.
Appendix 1

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

**Rule 1.3** The company’s nomination committee is to propose a chair for the annual general meeting. The proposal is to be presented in the notice of the meeting.
- According to Finnish annual general meeting (AGM) practice, the Chair of the Board of Directors opens the meeting and proposes the chair for the AGM. The proposed chair is normally an attorney-at-law.

**Rule 2.1** The nomination committee is also to make proposals on the election and remuneration of the statutory auditor.
- According to the Finnish Code, the Financial and Audit Committee shall make a recommendation on the auditor election for the Board, which shall give its proposal on the matter to the AGM.

**Rule 9.6** The shareholders’ meeting is to decide on all share and share-price related incentive schemes for the executive management.
- The company’s incentive schemes are established by the Board of Directors. If the programmes include the issuance of new shares or disposal of shares held by the Company then such issuance of share or an authorisation to the Board of Directors to decide on such issuance of shares will be subject to shareholder approval.

**Rule 9.9** Guidelines regarding remuneration to the board and executive management are also to cover salary and other remuneration to other members of the executive management.
- According to the Finnish Code, the remuneration guidelines (called policy according to the Finnish Code) is not to cover other executives than the CEO and Deputy CEO, and shall cover all Board remuneration.

**Rule 10.5** The remuneration report is to contain a reference to where in the company’s annual report the information required by Chapter 5, Sections 40–44 of the Swedish Annual Accounts Act (1995:1554) is to be found.
- The Company reports in accordance with the Finnish accounting regulation and does therefore not include this note in it’s remuneration report.
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 successes 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 thereof, 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.