



Annual Report 2019

Governance covers Stora Enso's governance policy, practices, and actions, as well as our remuneration statement.

# Governance

Part of Stora Enso's Annual Report 2019



THE RENEWABLE MATERIALS COMPANY





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# Corporate Governance in Stora Enso 2019

## Governance

### Corporate Governance in Stora Enso 2019

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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](http://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](http://corporategovernanceboard.se).

This Corporate Governance Report is available as a PDF document at [storaenso.com/investors/governance](http://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 the 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

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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 A 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 Shareholder's 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 as set out in the Charter as decided by the AGM. The Board Chair shall annually convene the first meeting of the Shareholders' Nomination Board, which shall elect its Chair amongst its

#### In 2019

The Shareholders' Nomination Board in 2019 comprised four members: Jorma Eloranta (Chair of the Board), Hans Stråberg (Vice Chair of the Board) and two other members appointed by the two largest shareholders, namely Harri Sailas (Solidium Oy) and Marcus Wallenberg (FAM AB). Marcus Wallenberg was elected Chair of the Shareholders' Nomination Board.

The main tasks of the Shareholders' Nomination Board were to prepare the proposals for the AGM 2020 concerning Board members and their remuneration. In addition, the Shareholders' Nomination Board has reviewed relevant parts of the Company's new Remuneration Policy and approved the proposal as regards Board remuneration. The Shareholders' Nomination Board during its working period 2019–2020 convened five (5) times. Each member of the Shareholders' Nomination Board attended all the meetings. Jorma Eloranta and Hans Stråberg have not participated in the preparations or the decision-making regarding Board remuneration.

In its proposal for the AGM 2020, the Shareholders' Nomination Board proposes that of the current members of the Board of Directors – Jorma Eloranta, Elisabeth Fleuriot, Hock Goh, Mikko Helander, Christiane Kuehne, Antti Mäkinen, Richard Nilsson and Hans Stråberg be re-elected members of the Board of Directors until the end of the following AGM and that Håkan Buskhe be elected new member of the Board of Directors for the same term of office. It is proposed that Jorma Eloranta be elected Chair of the Board and Hans Stråberg Vice Chair of the Board. The Shareholders' Nomination Board also proposes that the annual remuneration for the Chair, Vice Chair and members of the Board of Directors as well as for the Chairs and members of Board Committees be increased by approximately 2.5–3 percent.

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 Finnish Companies Act as well as other applicable legislation.

According to the Company's Articles of Association, the Board comprises six to eleven ordinary members appointed by the shareholders at the AGM for a one-year term. The majority of the directors shall be independent of the Company. In addition, at least two of the directors comprising this majority shall be independent of significant shareholders of the Company. A significant shareholder is a shareholder that holds at least 10% of all the Company's shares or the votes carried by all the shares or a shareholder that has the right or the

obligation to purchase the corresponding number of already issued shares. The independence is evaluated yearly in accordance with the Finnish Corporate Governance Code.

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](http://storaenso.com/investors/governance).

#### Composition of the Shareholders' Nomination Board in 2019

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

<sup>1</sup> Curriculum vitae of Jorma Eloranta and Hans Stråberg, see page 15.

obligation to purchase the corresponding number of already issued shares. The independence is evaluated yearly in accordance with the Finnish Corporate Governance Code.

All directors are required to deal at arm's length with the Company and its subsidiaries and to disclose circumstances that might be perceived as a conflict of interest.

The shareholders at the AGM decide the remuneration of the Board members (including the remuneration of the members of the Board committees).

The Board supervises the operation and management of Stora Enso and decides on significant matters relating to strategy, investments, organisation and finance.

The Board is responsible for overseeing management and for the proper organisation of the Company's operations. It is likewise responsible for overseeing the proper supervision of accounting and control of financial matters.

The Board has defined a working order, the principles of which are published 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 GLT members. The Board approves the main organisational structure of the Company.

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

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

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

### Board Diversity Policy

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

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

requirements set by the Company operations and its development stage. The number of directors and the composition of the Board shall be such that they enable the Board to see to its duties efficiently. Both genders shall be represented on the Board and the aim of the Company shall be to strive towards a good and balanced gender distribution.

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

### 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 Solidium). 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 Eloranta (Chair), Hans Stråberg (Vice Chair), Elisabeth Fleuriot, Hock Goh, 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 Board 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

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](http://storaenso.com/investors/governance).

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 experience of amongst others sustainability, financial competence and the business environment relevant to the operations of the Company. The age of the Board members during 2019 varied from 48 years to 68 years and the Board was composed of two women and seven men.

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 would 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.

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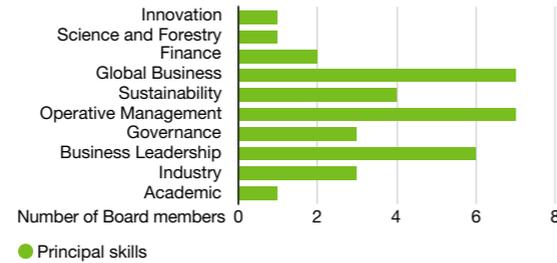
### Board skills matrix

Name	Director since	Principal skills	Independent of		Committee memberships 2019			Other current listed boards
			Company	Owners	FAC	SECo	RemCo	
Jorma Eloranta	2016	Global Business, Business Leadership, Operative Management, Governance	●	●	Member		Chair	1
Hans Stråberg	2009	Global Business, Business Leadership, Operative Management, Industry	●	●			Member	3
Elisabeth Fleuriot	2013	Global Business, Operative Management, Business Leadership, Sustainability	●	●	Member			
Hock Goh	2012	Global Business, Operative Management, Business Leadership, Sustainability	●	●		Member		3
Mikko Helander	2019	Global Business, Business Leadership, Operative Management, Industry	●	●				
Christiane Kuehne	2017	Global Business, Operative Management, Business Leadership, Sustainability	●	●			Chair	
Antti Mäkinen	2018	Finance, Operative Management, Governance	●	●			Member	2
Richard Nilsson	2014	Finance, Industry, Governance, Global Business	●	●	Chair			
Göran Sandberg	2017	Science and Forestry, Academic, Innovation, Sustainability	●	●			Member	

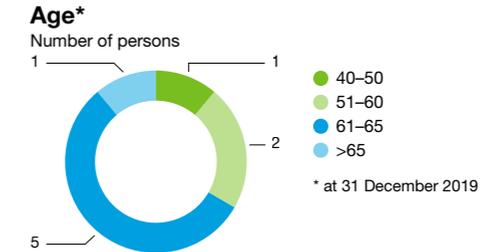
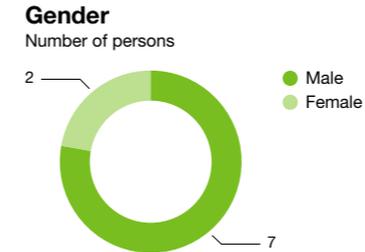
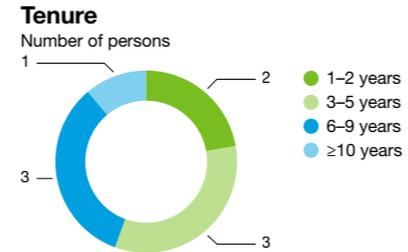
● yes ● no

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.

### Principal skills



### Board diversity in figures



\* at 31 December 2019

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### 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.

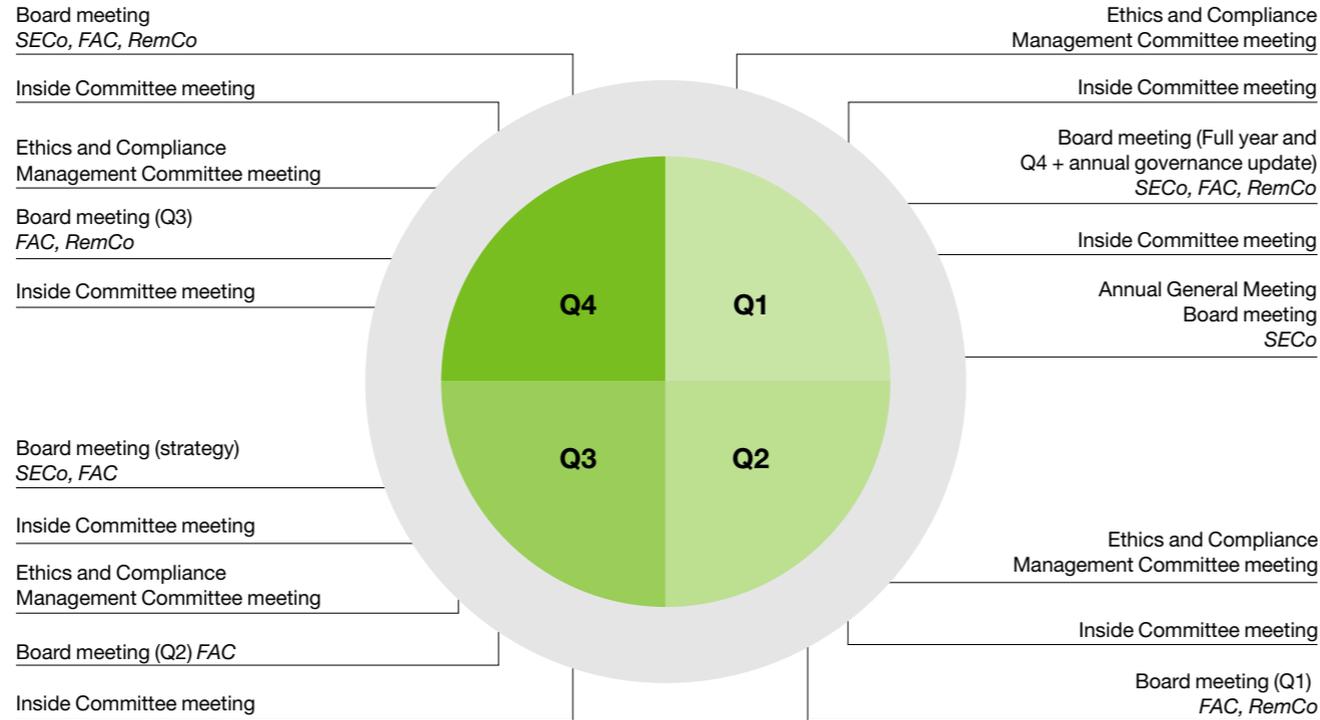
#### Information

- 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.

#### 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.

### The Board of Directors' and management's annual working cycle



#### 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

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#### Board committees

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

#### Financial and Audit Committee

The Board has a Financial and Audit Committee to support the Board in maintaining the integrity of the Company's financial reporting and the Board's control functions. It regularly reviews and monitors the system of internal control and internal audit 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

#### In 2019

The Financial and Audit Committee comprised three members in 2019: Richard Nilsson (Chair), Jorma Eloranta and Elisabeth Fleuriot.<sup>1</sup> 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, management and reporting of financial and enterprise risks as well as the audit process. Furthermore, the Committee has increased its focus on IT security and closely monitors related risks. International Accounting Standard IAS 41 concerning biological asset valuation has been in focus during the year in particular due to the Company's acquisition of Swedish forest assets. Also the implementation of the Company's new guidance on the monitoring of related party transactions has been a focus area. The Committee further reviews relevant material compliance related cases relating to the integrity of financial reporting or fraud investigations that have been reported to Internal Audit and Ethics and Compliance during the year.

#### Remuneration

Chair EUR 20 600 per annum and member EUR 14 400 per annum as decided by the AGM.

The Financial and Audit Committee Charter is presented at [storaenso.com/investors/governance](http://storaenso.com/investors/governance).

<sup>1</sup> 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.

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 expertise in accounting and auditing 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. Financial and Audit Committee members may receive remuneration solely based on their role as directors. The compensation is decided by the shareholders at the AGM.

#### Remuneration Committee

The Board has a Remuneration Committee which is responsible for recommending and evaluating executive nominations and remunerations (including reviewing and recommending the CEO's remuneration), evaluating the performance of the CEO, and making recommendations to the Board relating to management remuneration issues generally, including equity incentive remuneration plans. There is a Remuneration Committee representative present at the AGM to answer questions relating to the management remuneration. The Board appoints the CEO and approves his/her remuneration as well as the nomination and compensation of other members of the Group Leadership Team (GLT).

#### In 2019

The Remuneration Committee comprised three members in 2019. The members were Jorma Eloranta (Chair), Antti Mäkinen and Hans Stråberg.<sup>1</sup> The Committee convened ten times. The members' participation rate in meetings amounted to 100%.

During 2019 the Committee has been in charge of the recruitment process relating to the election of a new CEO. In addition, the main tasks of the Committee has been to recommend, evaluate and approve executive nominations and remunerations, and to make recommendations to the Board relating to management remuneration in general, including short and long term incentive programmes. The Committee has further reviewed the external reporting on executive remuneration and prepared for the Board's and the Shareholders' Nomination Board's approval the new Stora Enso Remuneration Policy, which will be presented to the AGM 2020.

#### 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](http://storaenso.com/investors/governance).

<sup>1</sup> The Committee prior to the AGM on 14 March 2019 comprised the following three members: Jorma Eloranta (Chair), Elisabeth Fleuriot and Hans Stråberg.

The Committee comprises three to four Board members, who are independent and not affiliated with the Company. The Remuneration Committee meets regularly, at least once a year. The Chair of the Remuneration Committee presents a report on each Remuneration Committee meeting to the Board. The tasks and responsibilities of the Remuneration Committee are defined in its charter, which is approved by the Board. Remuneration Committee members may receive remuneration solely based on their role as directors. The compensation is decided by the shareholders at the AGM.

#### Sustainability and Ethics Committee

The Board has a Sustainability and Ethics Committee which is responsible for overseeing the Company's sustainability and ethical business conduct, its strive to be a responsible corporate citizen, and its contribution to sustainable development. The Committee regularly reviews Stora Enso's Sustainability Strategy and Ethics and Compliance Strategy and, in accordance with Stora Enso's corporate governance structure, oversees their effective implementation as well as reviews 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.

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

The Committee meets regularly, at least two times a year. The Chair of the Committee presents a report on each Sustainability and Ethics Committee meeting to the Board. The tasks and responsibilities of

#### In 2019

The Sustainability and Ethics Committee comprised three members in 2019: Christiane Kuehne (Chair), Hock Goh and Göran Sandberg.<sup>1</sup> The Committee convened four times. The members' participation rate in meetings amounted to 100%.

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

#### Remuneration

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

The Sustainability and Ethics Committee Charter is presented at [storaenso.com/investors/governance](http://storaenso.com/investors/governance).

<sup>1</sup> The Committee prior to the AGM on 14 March 2019 comprised the following three members: Anne Brunila (Chair), Hock Goh and Göran Sandberg.

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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)
- CFO (responsible for Accounting, Controlling, Corporate Finance and M&A, Efora, Energy Services, Investment Process, Enterprise Risk Management, Internal Audit, Investor Relations, Tax, Treasury)
- IT
- Human Resources
- Legal, General Counsel
- Communications
- Sustainability
- Sourcing and Logistics
- CEO Office (responsible for Wood Supply\*, 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)

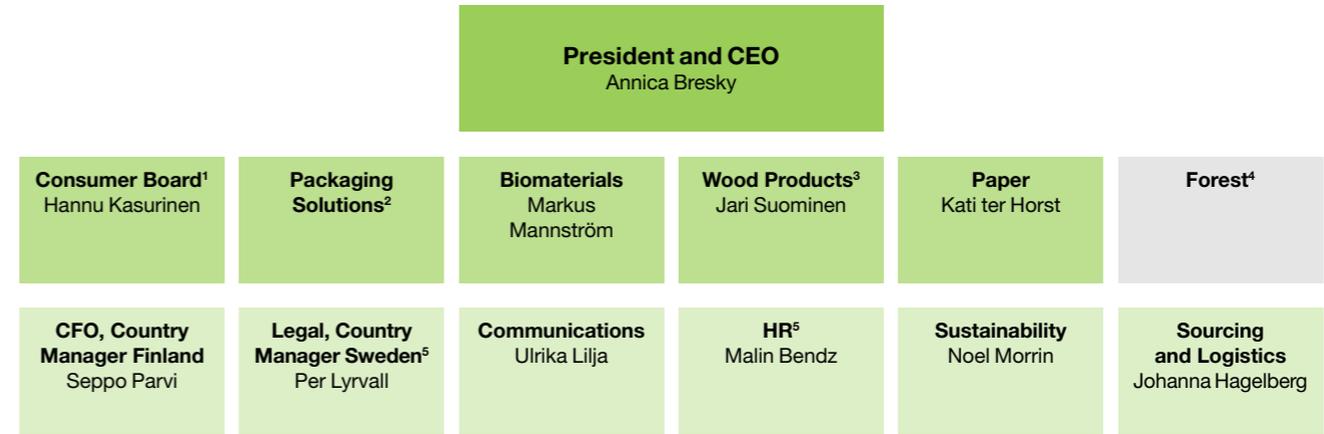
The GLT is chaired by the CEO. The GLT members are appointed by the CEO and approved by the Board. At the year end 2019, the eleven GLT members were the CEO, the CFO, the heads of the divisions, HR, Legal (who is also General Counsel), Communications, Sustainability, and Sourcing and Logistics.

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.

\* As of 1 January 2020 the Wood Supply organisation will function under Stora Enso's new Forest Division, starting separate segment reporting as a Division as of this date. As of 1 January 2020 the Division Consumer Board will be named Packaging Materials.

## Group Leadership Team as at 31 December 2019



Karl-Henrik Sundström, CEO, was as 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.

<sup>1</sup> Packaging Materials as of 1 January 2020

<sup>2</sup> David Ekberg, acting Head of Packaging Solutions as of 6 December 2019, not member of GLT.

<sup>3</sup> Gilles van Nieuwenhuyzen, EVP, Packaging Solutions was a member of the Group Leadership Team until 6 December 2019.

<sup>4</sup> Seppo Toikka, acting Head of Wood Products as of 1 January 2020, not member of GLT.

<sup>5</sup> Jari Suominen, EVP, Head of Forest Division as of 1 January 2020

<sup>6</sup> Malin Bendz, EVP, HR until 15 January 2020. Per Lyrvall, acting Head of HR as of 16 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 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 sustainability strategy.

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

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

#### Other supervisory bodies and norms

##### Auditor

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

#### Auditor's fees and services

EUR million	Year Ended 31 December	
	2019	2018
Audit fees	4	4
Audit-related	0	0
Tax fees	0	0
Other fees	0	1
<b>Total</b>	<b>4</b>	<b>5</b>

##### In 2019

The Board in 2019 on the recommendation of the Financial and Audit Committee proposed that PricewaterhouseCoopers Oy be re-elected auditor by the AGM 2019 for the second year as the Company's auditors. The AGM 2019 elected PricewaterhouseCoopers Oy as auditor for a term of office expiring at the end of the AGM 2020.

##### Internal Audit

Stora Enso's Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the operations of Stora Enso. Internal Audit helps the organisation to accomplish its objectives by providing a systematic, disciplined approach to evaluate and improve the effectiveness of internal control, risk management and governance processes.

Internal Audit reports regularly about the status of the audits and audit findings to the Financial and Audit Committee, Board of Directors. Administratively Internal Audit reports to the CFO. The

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

Internal Audit plan is risk and assurance-based and focuses to core-processes, supporting processes and investments in different 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 dedicated to compliance matters being the secretary. 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, environmental values, and human and labour 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. The index 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 compliance related policies and issues, Stora Enso has established its Ethics and Compliance Management Committee. In addition, Compliance Forums, comprising of heads of key functions, in divisions, group functions and Chinese operations play an important role in risk assessing and monitoring compliance within their respective areas. The Compliance Forums use the

Ethics and Compliance Self-Assessment Tool (T.E.S.T.) to give them a better overview of the progress their units are making in policy implementation, compliance measures taken, and possible gaps and risks in compliance. Results of the T.E.S.T. are covered in Compliance Forums and action plans developed and followed up accordingly.

Stora Enso's employees are encouraged to report any suspected cases of misconduct or unethical behaviour to their own supervisor, or to Human Resources or Legal functions. Employees may also confidentially report their concerns to the Head of Internal Audit. Stora Enso uses an additional external service through which employees globally, and in certain locations also external stakeholders, can anonymously report potential non-compliance cases by phone, mail, or online. This service, which covers all of 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 inside administration, including monitoring compliance with applicable regulation, keeping of inside lists and internal training. The Company has established an Inside Committee composed of the CEO, CFO as well as representatives of Communications, IR and Legal for the purpose of continuously reviewing pending projects and the existence of inside information in the Company.

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

Persons discharging managerial responsibilities (PDMR's) in Stora Enso are the members of the Board, the CEO and the CFO, as well as 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.

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

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

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during the closed period defined below or when they possess information that could have a material impact on the Stora Enso share price.

#### Closed period

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

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

#### Guidelines for Related Party Transactions

The principles applicable to monitoring of Stora Enso related party transactions are set out in Stora Enso's Guideline for Related Party Transactions. The Guideline defines Stora Enso related parties and sets out the decision-making order and principles for monitoring related party transactions including a description of Stora Enso internal controls. Information on material transactions with related parties is set out in Note 31 of Stora Enso's consolidated financial statements.

Stora Enso business activities may include regular or less frequent transactions with related parties. Transactions with related parties shall always promote the purpose of the Company and be concluded on acceptable terms and in the interest of the Company, as well as in compliance with prevailing regulation. Internal controls have been designed to ensure that related party transactions are duly monitored and identified.

Related party transactions, which are part of the ordinary course of business and undertaken on market terms are approved in accordance with the Company's internal guidelines. Any transaction which would not meet these terms must be reported to the Financial and Audit Committee and approved 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 upon the framework issued by the Committee of Sponsoring Organisations (COSO) and comprises five principal components of internal control: the control environment, risk assessment, control activities, information and communication, and monitoring.

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

#### Control environment

Stora Enso's control environment sets the tone of the organisation providing the company purpose and values, policies, processes and structures as a foundation for carrying out internal control across the organisation. Stora Enso has a formal Code that sets forth its rules. To complement the Code, Stora Enso has a Business Practice Policy, which further sets out Company's approach to ethical business practices and describes the processes for reporting on violations thereof. All employees are expected to comply with the Code 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 process. These guidelines stipulate responsibilities and authority and constitute the control environment for specific areas, such as finance, accounting, investments, purchasing and sales. These responsibilities have been described in Stora Enso's Risk and Control Policy which also outlines the responsibilities of the first and second line of defense. Group Internal Control function, under the CFO's supervision, is responsible for group-wide internal control governance and processes, whereas divisions, various support and service functions are accountable for operating effective internal controls.

#### Risk assessment

Stora Enso's management specifies objectives relating to the preparation of financial statements. The Company applies an annual process to establish the overall materiality and to identify significant financial statements accounts and disclosures. Relevant objectives and risks for processes are identified and evaluated to determine Stora Enso's minimum internal control requirements for all business units and support functions. The assessment of risks includes risks related to fraud and irregularities as well as the risk of loss or the misappropriation of assets. Information on the development of essential risk areas and executed and planned activities in these areas are regularly communicated to the Financial and Audit Committee. A comprehensive description of Stora Enso's risk management can be found at [storaenso.com/investors](http://storaenso.com/investors).

#### Control activities

Stora Enso's control activities are the policies, procedures and organisational structures in place to ensure that management directives are carried out and that necessary action is taken to address risks related to the achievement of objectives relating to financial reporting. Stora Enso's minimum internal control requirements are aimed at preventing, detecting and correcting 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 make regular financial and management reports to the management, including the analysis of and comments on financial performance and risks. The Board receives monthly financial reports. The Company has internal and external procedures for anonymous reporting of violations related to accounting, internal controls and auditing matters.

#### Monitoring

The Company's financial performance is reviewed at each Board meeting. The Financial and Audit Committee 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 execution 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, continuous 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 9.

# Remuneration Statement

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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 [cgfinland.fi](http://cgfinland.fi). Stora Enso also complies with the Swedish Corporate Governance Code ("Swedish Code"), with the exception of the deviations listed in [Appendix 1](#) of the Corporate Governance Report. The deviations are due to differences between the Swedish and Finnish legislation, governance code rules and practices, and in these cases Stora Enso follows the practice in its domicile. The Swedish Code is issued by the Swedish Corporate Governance Board and is available at [corporategovernanceboard.se](http://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.

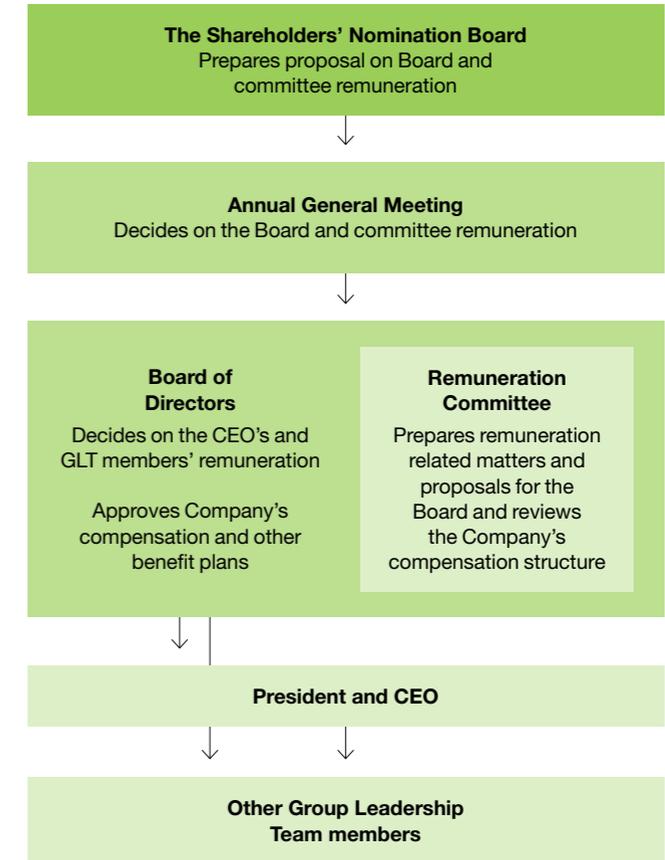
#### Board member remuneration principles

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

## Remuneration decision-making procedure



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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. The retirement age is sixty-five years.

#### Short Term Incentive (STI) programme for CEO

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

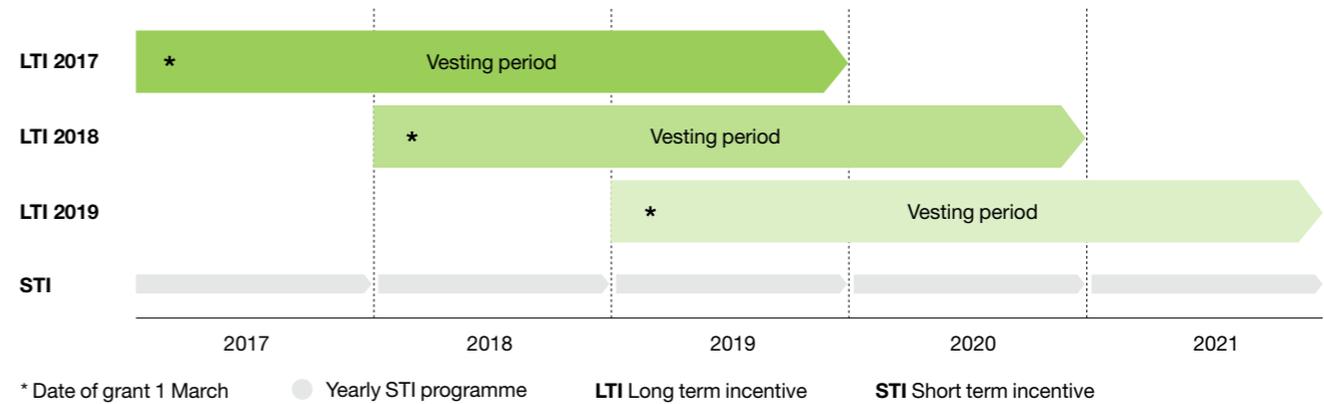
#### Long Term Incentive (LTI) programmes for CEO

The CEO participates in 2017, 2018 and 2019 share based LTI 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 in the Performance Share programme is 3-year EVA (Economic Value Added) and EPS (Earnings per Share) for the Stora Enso Group.

#### 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.

## Share-based compensation plan



#### 2019 CEO remuneration (1 January–30 November)

Base salary	EUR 887 000 in 2019.
Short-term incentive	The CEO is entitled to a STI programme decided by the Board each year giving a maximum of 75% of annual fixed salary.
Long-term incentive	Outstanding LTI programmes include the yearly programmes of 2017, 2018 and 2019. The CEO had the potential to receive a maximum of 224 693 shares before taxes in the LTI programmes from 2017, 2018 and 2019 when his GLT membership ended. These shares are forfeited at end of employment, except for the LTI 2017 shares which have been earned at the time employment ended and vest at the normal vesting date in March 2020.
Other benefits	Benefits include mobile phone and insurance.
Pension	Retirement age is 65. Pension plan consists of collectively agreed pension plan in Sweden (ITP2) and a defined contribution (DC) top up pension plan.
Termination of assignment	Notice period of six months with a severance payment of twelve months salary on termination by the company but with no contractual payments on any change of control.

#### 2019 CEO remuneration (1 December–31 December)

Base salary	EUR 75 000 in 2019.
Short-term incentive	The CEO is entitled to a STI programme decided by the Board each year giving a maximum of 75% of annual fixed salary.
Long-term incentive	Outstanding LTI programmes include the yearly programmes of 2017, 2018 and 2019. The CEO has the potential to receive a value corresponding to a maximum of 27 160 shares before taxes under the 2019 LTI programme that will be settled in 2022.
Other benefits	Benefits include mobile phone, car, and insurance.
Pension	Retirement age is 65. The President and CEO's pension plan consists of a defined contribution pension plan with contributions of 30% of pensionable salary.
Termination of assignment	Notice period of six months with a severance payment of twelve months salary on termination by the company but with no contractual payments on any change of control.

#### 2019 GLT remuneration, other than CEO

Annual salary	GLT members receive a monthly salary. In total for all GLT members EUR 3 756 000 in 2019.
Short-term incentive	GLT members are eligible for STI with up to a maximum of 50% or 60% of their annual fixed salary, payable the year after the performance period.
Long-term incentive	Outstanding LTI programmes include the yearly programmes of 2017, 2018 and 2019. The GLT members can potentially receive total of maximum 196 273 shares before taxes in the 2019 programmes that will be settled 2022.
Other benefits	Benefits include mobile phones, cars, and insurances.
Pension	GLT members may retire at 65 years of age with pensions consistent with local practices in their respective home countries.
Termination of assignment	Contracts of employment provide for notice of six months prior to termination with severance compensation of twelve months' basic salary if the termination is at the Company's request.

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

#### Short Term Incentive (STI) programmes for 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. 70% 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 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.

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#### 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 fair value of employee services received in exchange for share based compensation payments is accounted for in a manner that is consistent with the method of settlement either as cash settled or equity settled as described in more detail in Note 21 of the Financials 2019. For the equity settled part, it is possible that the

actual cash cost does not agree with the accounting charges as the share price is not updated at the time of the vesting. The figures in the Group Leadership Team Remuneration table refer to individuals who were executives at the time of settlement.

During the year, the number of shares settled for executives (GLT members at settlement date) from previous awards amounted to 128 076, having a cash value at the 1 March 2019 settlement date of EUR 1 560 947 before taxes based on the share price at that date.

#### Board Remuneration

EUR	Year Ended 31 December	
	2019 <sup>1</sup>	2018
Chair	192 000	175 000
Vice Chair	109 000	103 000
Board Member	74 000	72 000

<sup>1</sup> 40% of the Board remuneration in 2019 was paid in Stora Enso R shares purchased from the market and distributed as follows: to Chair 6 695 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.

#### Board and Committee remuneration

EUR thousand (before taxes)	Year Ended 31 December			Committee memberships	
	Cash	Value of shares <sup>1</sup>	Total <sup>4</sup>		Total
<b>Board members at 31 December 2019</b>					
Jorma Eloranta, Chair	140	77	217	200	Remuneration, Nomination <sup>2,3</sup> , Financial and Audit
Hans Stråberg, Vice Chair	71	44	115	109	Remuneration, Nomination <sup>2,3</sup>
Elisabeth Fleuriot	58	30	88	78	Financial and Audit
Hock Goh	50	30	80	78	Sustainability and Ethics
Mikko Helander	44	30	74	0	
Christiane Kuehne	54	30	84	86	Sustainability and Ethics
Antti Mäkinen	50	30	80	86	Remuneration
Richard Nilsson	65	30	95	93	Financial and Audit
Göran Sandberg	50	30	80	78	Sustainability and Ethics
<b>Former Board members</b>					
Anne Brunila (until 14 March 2019)	0	0	0	82	
<b>Total remuneration as Directors<sup>1</sup></b>	<b>582</b>	<b>331</b>	<b>913</b>	<b>891</b>	

<sup>1</sup> 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 6 695 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.

<sup>2</sup> Stora Enso's Shareholders' Nomination Board has been appointed by the AGM in 2016 to exist until otherwise decided. The Shareholders' Nomination Board according to its Charter as approved by the AGM comprises of four members: the Chair and Vice Chair of the Board of Directors, as well as two members appointed by the two largest shareholders (one each) as of 31 August each year. No separate remuneration is paid to members of the Shareholders' Nomination Board.

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

<sup>4</sup> The Company additionally pays the transfer tax for share purchases for each member, in line with AGM decision, which amount is considered also taxable income for each member.

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## The aggregate remuneration paid to the CEO and GLT members in 2019

EUR thousand	Year Ended 31 December				Year Ended 31 December		
	2019				2018		
	CEO <sup>1</sup>	Former CEO <sup>2,4</sup>	Others <sup>3</sup>	GLT Total	CEO	Others	GLT Total
<b>Remuneration<sup>7</sup></b>							
Annual salary	75	887	3 756	4 717	905	3 589	4 494
Local housing (actual costs)	0	0	0	0	0	22	22
Other benefits	2	19	373	394	20	385	405
Termination benefits	0	0	0	0	0	0	0
Short term incentive programme <sup>6</sup>	0	571	1 467	2 039	611	1 089	1 700
Long term incentive programme <sup>6</sup>	0	566	1 508	2 073	845	2 431	3 276
	<b>77</b>	<b>2 043</b>	<b>7 104</b>	<b>9 224</b>	<b>2 381</b>	<b>7 516</b>	<b>9 897</b>
<b>Pension Costs</b>							
Mandatory plans	23	62	1 396	1 481	66	1 296	1 362
Stora Enso voluntary plans <sup>5</sup>	0	464	539	1 003	478	447	925
	<b>23</b>	<b>526</b>	<b>1 934</b>	<b>2 484</b>	<b>544</b>	<b>1 743</b>	<b>2 287</b>
<b>Total Compensation</b>	<b>100</b>	<b>2 569</b>	<b>9 038</b>	<b>11 708</b>	<b>2 925</b>	<b>9 259</b>	<b>12 184</b>

<sup>1</sup> CEO remuneration consists of remuneration delivered to Annica Bresky from her appointment as President and CEO on 1 December 2019.

<sup>2</sup> Former CEO remuneration consists of remuneration delivered to Karl-Henrik Sundström for the period up until his last day as CEO (30 November 2019).

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> The pay-outs for Short term incentive in March 2019 were 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.

<sup>7</sup> 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. Stora Enso GLT members, including the CEO, held on 31 December 2019 shares in the Company as follows:

Executives in office at the year end	R Shares held <sup>1</sup>	Performance share opportunity <sup>2</sup>	Restricted share opportunity <sup>2</sup>
Annica Bresky	0	76 561	8 397
Seppo Parvi	32 202	63 149	6 454
Malin Bendz	19 162	44 776	4 539
Johanna Hagelberg	16 039	48 164	5 091
Kati ter Horst	38 772	81 011	8 043
Hannu Kasurinen	31 486	17 903	5 967
Ulrika Lilja	25 732	42 304	4 471
Per Lyrvall <sup>3</sup>	59 362	60 516	6 450
Markus Mannström	18 392	52 084	3 601
Noel Morrin	33 756	49 256	5 382
Jari Suominen	37 985	59 337	6 121
<b>Total, serving officers<sup>4</sup></b>	<b>312 888</b>	<b>595 061</b>	<b>64 516</b>

<sup>1</sup> None of the GLT members holds A shares.

<sup>2</sup> 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.

<sup>3</sup> Spouse holds 1 257 of the shares.

<sup>4</sup> The Company recommends and expects GLT members to hold Stora Enso shares at a value corresponding to at least one annual base salary. Stora Enso shares received as remuneration are therefore recommended not to be sold until this level has been reached.

The following Executive Officers also served in 2019	R shares held when GLT membership ended	Performance share awards when GLT membership ended <sup>2</sup>	Restricted share awards when GLT membership ended <sup>2</sup>	Effective date of GLT membership ending
Karl-Henrik Sundström <sup>1</sup>	166 011	204 343	20 350	30 November 2019
Gilles van Nieuwenhuyzen	19 610	82 042	8 797	6 December 2019

<sup>1</sup> 41 700 of the shares are held by a related party (Alma Patria AB).

<sup>2</sup> These shares are forfeited at end of employment, except for the LTI 2017 shares which have been earned at the time employment ended and vest at the normal vesting date in March 2020.

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## 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 Finnish Fair Foundation. Member of the Board of Cargotec. Vice Chair of the Supervisory Board in Finnish Naval Foundation. Chair of the Board and CEO of Pienelo Ltd.

#### Principal work experience and other information

President and CEO of Metso 2004–2011, President and CEO of Kvaerner Masa-Yards 2001–2003 and President and CEO of Patria Industries Group 1997–2000. Executive Vice President of Finvest Group and Jaakko Pöyry Group 1996 and President of Finvest 1985–1995.

<b>Total remuneration 2019, EUR<sup>1</sup></b>	216 700
<b>Meeting attendance</b>	12/12
<b>FAC attendance</b>	8/8 ●
<b>RemCo attendance</b>	10/10 ●
<b>SECo attendance</b>	
<b>Shareholding<sup>2</sup></b>	Owens 1 150 A shares and 27 076 R shares in Stora Enso.
<b>Independent member</b>	Yes



### 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, Roxtec AB, CTEK Holding AB and AB SKF. Member of the Board of Investor AB, Mellby Gård AB, Hedson Technologies International AB and Anocca AB.

#### Principal work experience and other information

President and CEO of AB Electrolux 2002–2010. Several management positions at Electrolux in Sweden and the USA 1983–2002.

<b>Total remuneration 2019, EUR<sup>1</sup></b>	115 200
<b>Meeting attendance</b>	12/12
<b>FAC attendance</b>	
<b>RemCo attendance</b>	10/10 ●
<b>SECo attendance</b>	
<b>Shareholding<sup>2</sup></b>	Owens 41 291 R shares in Stora Enso.
<b>Independent member</b>	Yes



### Elisabeth Fleuriot

Born 1956. M.Sc. (Econ.).

#### Position

Member of Stora Enso's Board of Directors since April 2013. Member of the Financial and Audit Committee since March 2019.

#### Board memberships

Board member and Chair of CSR Committee at G4S.

#### Principal work experience and other information

President and CEO of Thai Union Europe Africa 2013–2017. Senior Vice President, Emerging Markets and Regional Vice President, France, Benelux, Russia and Turkey, in Kellogg Company 2001–2013. General Manager, Europe, in Yoplait, Sodial Group 1998–2001. Several management positions in Danone Group 1979–1997.

<b>Total remuneration 2019, EUR<sup>1</sup></b>	88 400
<b>Meeting attendance</b>	12/12
<b>FAC attendance</b>	7/7 <sup>3</sup> ●
<b>RemCo attendance</b>	
<b>SECo attendance</b>	
<b>Shareholding<sup>2</sup></b>	Owens 23 731 R shares in Stora Enso.
<b>Independent member</b>	Yes



### Hock Goh

Born 1955. B. Eng. (Hons) in Mechanical Engineering.

#### Position

Member of Stora Enso's Board of Directors since April 2012. Member of the Sustainability and Ethics Committee since April 2017.

#### Board memberships

Member of the Board of AB SKF, Santos Australia and Vesuvius Plc.

#### Principal work experience and other information

Operating Partner of Baird Capital Partners Asia 2005–2012. President of Network and Infrastructure Solutions, Schlumberger Ltd 2002–2005 and President Asia, Schlumberger Ltd 1998–2002.

<b>Total remuneration 2019, EUR<sup>1</sup></b>	80 200
<b>Meeting attendance</b>	12/12
<b>FAC attendance</b>	
<b>RemCo attendance</b>	
<b>SECo attendance</b>	4/4 ●
<b>Shareholding<sup>2</sup></b>	Owens 28 484 R shares in Stora Enso.
<b>Independent member</b>	Yes



### Mikko Helander

Born 1960. M.Sc. (Tech.).

#### Position

Member of Stora Enso's Board of Directors since March 2019.

#### Board memberships

Chair of the Board of Ilmarinen until 31 December 2019. Chair of the Board of Finnish Commerce Federation. Vice Chair of the Board of the Confederation of Finnish Industries EK. Member of the Board of Finnish Chambers of Commerce and Rajamme Vartijain 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

President and CEO of Kesko Oyj since 2015. CEO of Metsä Board Oyj 2006–2014 and Metsä Tissue Oyj 2003–2006. Several management positions in Valmet Oyj 1984–1990 and 1993–2003. Managing Director of Kasten Hövik Oy 1990–1993.

<b>Total remuneration 2019, EUR<sup>1</sup></b>	74 000
<b>Meeting attendance</b>	10/10 <sup>4</sup>
<b>FAC attendance</b>	
<b>RemCo attendance</b>	
<b>SECo attendance</b>	
<b>Shareholding<sup>2</sup></b>	Owens 4 298 R shares in Stora Enso.
<b>Independent member</b>	Yes

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

● Chair ● Member

<sup>1</sup> Detailed description of Board Remunerations and Committee Memberships as decided by the AGM in 2019 on page 13.

<sup>2</sup> Shares held by Board members and related parties. Board members' related parties held no Stora Enso shares.

<sup>3</sup> Meetings attended out of the meetings held after election as FAC member.

<sup>4</sup> 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](http://cgfinland.fi). A significant shareholder according to the recommendation is a shareholder that holds at least 10% of all company shares or the votes carried by all the shares or a shareholder that has the right or the obligation to purchase the corresponding number of already issued shares.

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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 Finlays 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 of Nestlé at global level.

<b>Total remuneration 2019, EUR<sup>1</sup></b>	84 300
<b>Meeting attendance</b>	12/12
<b>FAC attendance</b>	
<b>RemCo attendance</b>	
<b>SECo attendance</b>	2/2 <sup>3</sup> ●
<b>Shareholding<sup>2</sup></b>	Owens 8 292 R shares in Stora Enso.
<b>Independent member</b>	Yes



**Antti Mäkinen**  
Born 1961. LL.M.

**Position**  
Member of Stora Enso's Board of Directors since March 2018. Member of the Remuneration Committee since March 2019.

**Board memberships**  
Member of the Board of Rake Oy, Metso Oyj and Sampo Oyj. Chair or a member of the shareholders' nomination boards of several listed companies.

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

<b>Total remuneration 2019, EUR<sup>1</sup></b>	80 200
<b>Meeting attendance</b>	12/12
<b>FAC attendance</b>	
<b>RemCo attendance</b>	9/9 <sup>4</sup> ●
<b>SECo attendance</b>	
<b>Shareholding<sup>2</sup></b>	Owens 4 717 R shares in Stora Enso.
<b>Independent member</b>	Yes/no <sup>5</sup>



**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 2016 and member since April 2015.

**Board memberships**  
Member of the Board of Directors of IPCO AB and group companies.

**Principal work experience and other information**  
Investment Manager at FAM AB since 2008. Pulp & paper research analyst at SEB Enskilda 2000–2008, Alfred Berg 1995–2000 and Handelsbanken 1994–1995.

<b>Total remuneration 2019, EUR<sup>1</sup></b>	94 600
<b>Meeting attendance</b>	12/12
<b>FAC attendance</b>	8/8 ●
<b>RemCo attendance</b>	
<b>SECo attendance</b>	
<b>Shareholding<sup>2</sup></b>	Owens 20 834 R shares in Stora Enso.
<b>Independent member</b>	Yes/no <sup>6</sup>



**Göran Sandberg**  
Born 1955. Ph.D.

**Position**  
Member of Stora Enso's Board of Directors since April 2017. Member of the Sustainability and Ethics Committee since April 2017.

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

**Principal work experience and other information**  
Professor in Plant Biology and professor at the Swedish University of Agricultural Science and the Umeå University. Executive director of the Knut and Alice Wallenberg Foundation and the Marianne and Marcus Wallenberg Foundation. Member of the Royal Swedish Academy of Science, the Royal Swedish Academy for Agriculture and Forestry Sciences, and the Royal Swedish Academy of Engineering Sciences. His previous positions include Vice chancellor of Umeå University 2005–2010, 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.

<b>Total remuneration 2019, EUR<sup>1</sup></b>	80 200
<b>Meeting attendance</b>	12/12
<b>FAC attendance</b>	
<b>RemCo attendance</b>	
<b>SECo attendance</b>	4/4 ●
<b>Shareholding<sup>2</sup></b>	Owens 6 792 R shares in Stora Enso.
<b>Independent member</b>	Yes/no <sup>7</sup>

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

● Chair ● Member

<sup>1</sup> Detailed description of Board Remunerations and Committee Memberships as decided by the AGM in 2019 on page 13.

<sup>2</sup> Shares held by Board members and related parties. Board members' related parties held no Stora Enso shares.

<sup>3</sup> Meetings attended out of the meetings held after election as SECo chair.

<sup>4</sup> Meetings attended out of the meetings held after election as RemCo member.

<sup>5</sup> Antti Mäkinen is independent of the company but not of its significant shareholders due to his position as the CEO of Solidium Oy.

<sup>6</sup> Richard Nilsson is independent of the company but not of its significant shareholders due to his employment at FAM AB.

<sup>7</sup> 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 [cgfinland.fi](http://cgfinland.fi). A significant shareholder according to the recommendation is a shareholder that holds at least 10% of all company shares or the votes carried by all the shares or a shareholder that has the right or the obligation to purchase the corresponding number of already issued shares.

**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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## 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

Executive Vice President, Consumer Board Division 2017–2019. President and CEO of Iggesund Paperboard AB, part of the Swedish Holmen Group 2013–2017. Mill Director at BillerudKorsnäs AB 2010–2013. Prior to that engineering and superintendent positions at Stora Enso's Kvarnsveden Mill in 2001–2010. Member of the Board of AB Fagerhult.

#### Shareholding

Does not own any Stora Enso shares.



### 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

Owns 32 202 R shares in Stora Enso.



### Malin Bendz

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

#### 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

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

#### Shareholding

Owns 19 162 R shares in Stora Enso.



### Johanna Hagelberg

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

#### Position

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

#### 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

SVP, Liquid Packaging and Carton Board in Consumer Board Division until December 2019. Prior to that several leadership positions in Stora Enso, including Group Treasurer, SVP of Strategy and EVP of Wood Products Division.

#### Shareholding

Owns 31 486 R shares in Stora Enso.

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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

Owens 25 732 R shares in Stora Enso.



#### Per Lyrvall

Born 1959. LL.M.

#### Position

Executive Vice President, Legal, General Counsel. Country Manager Sweden. Acting Head of HR as of 16 January 2020. Member of the GLT since 2012. Joined the company as Legal Counsel in 1994. General Counsel since 2008. Country Manager Sweden since 2013.

#### Board memberships, principal work experience and other information

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

#### Shareholding

Owens 58 105 R shares in Stora Enso directly and 1 257 R shares through related persons (spouse).



#### Markus Mannström

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

#### 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

Chief Technology Officer (CTO) of the company 2015–2017. Member of the Renewable Packaging division management team 2009–2014. Member of the Board of Teollisuuden Voima Oyj, Montes del Plata, Veracel and Tree to Textile. Deputy Member of the Board of Pohjolan Voima Oy.

#### Shareholding

Owens 18 392 R shares in Stora Enso.



#### Noel Morrin

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

#### Position

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

#### Board memberships, principal work experience and other information

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

#### Shareholding

Owens 33 756 R shares in Stora Enso.



#### Jari Suominen

Born 1969. M.Sc. (BA).

#### 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

Owens 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 Ekberg**, acting Head of Packaging Solutions as of 6 December 2019, not a member of GLT.

**Seppo Toikka**, acting Head of Wood Products as of 1 January 2020, not a member of GLT.

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## Appendix 1

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

**Rule 1.3** The company's nomination committee is to propose a chair for the annual general meeting. The proposal is to be presented in the notice of the meeting.

- According to Finnish annual general meeting (AGM) practice, the 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 its remuneration report.

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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.