

Corporate Governance Report

Part of Stora Enso's Annual Report 2014

Contents

Corporate Governance in Stora Enso	1
Shareholders' meetings	1
Board of Directors (Board)	3
Board committees	7
Management of the Company	9
Management Remuneration	10
Members of the Board of Directors	17
Members of the Group Leadership Team	19
Appendix 1	21

Corporate Governance in Stora Enso

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 OMX Helsinki and Stockholm stock exchanges are also followed, where applicable. This corporate governance policy is approved by the Board of Directors (“Board”).

Stora Enso’s Corporate Governance complies with the Finnish Corporate Governance Code (the “Code”) issued by the Securities Market Association that entered into force on 1 October 2010. The Code is available at www.cgfinland.fi. Stora Enso’s Corporate Governance also complies with the Swedish Corporate Governance Code (“Swedish Code”) which entered into force on 1 February 2010 (and has been applicable to Stora Enso as a foreign company from 1 January 2011) 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 www.corporategovernanceboard.se.

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

General governance issues

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

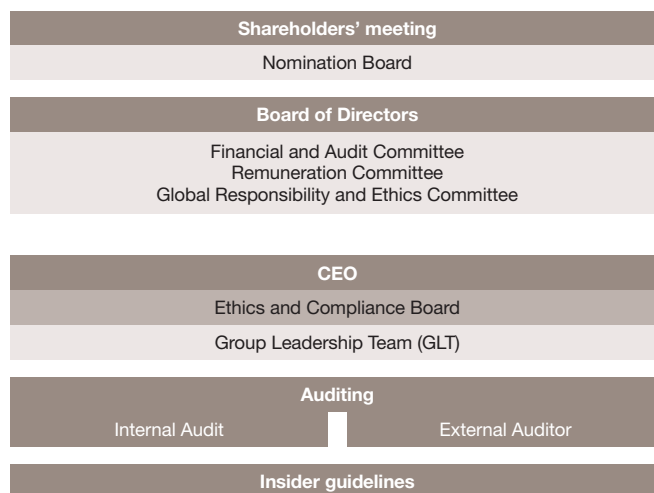
The Stora Enso Group prepares Consolidated Financial Statements and Interim Reviews conforming to International Financial Reporting Standards (IFRS), and Annual Reports, which are published in Finnish and English. The financial section of the Annual Report is also translated into German, and the Interim Reviews into Swedish, in addition to these languages. 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.

Governance Bodies



Objectives and composition of governance bodies

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

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

Shareholders’ meetings

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

Shareholders may exercise their voting rights and take part in the decision-making process of Stora Enso by attending shareholders’ meetings. Shareholders also have the right to ask questions of the Company’s management and Board of Directors at shareholders’ meetings. Major decisions are taken by the shareholders at Annual or Extraordinary General Meetings. 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 in at least two Finnish and two Swedish newspapers, 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 twenty-one (21) days before the date of the meeting. Other regulatory notices to the shareholders are delivered in the same way.

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

- presentation and adoption of the annual accounts
- presentation of the report of the Board of Directors in Annual Report and the Auditor's report
- use of the result and distribution of funds to the shareholders
- resolution concerning discharge of the members of the Board and the Chief Executive Officer from liability
- decision on the number and the remuneration of the members of the Board and the Auditor
- election of the 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 at least four weeks before the publication of the notice to the meeting.

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

In 2014

Stora Enso's AGM was held on 23 April 2014 in Helsinki, Finland. Of the issued and outstanding A and R shares, 91.3% and 51.1% (91.6% and 42.0% in 2013), respectively, and of the aggregate shares and votes, 60.1% and 81.0% (53.2% and 78.9% in 2013), respectively, were represented at the meeting. Most of the Board members and GLT members as well as the Company's Auditor were present at the meeting. No Extraordinary General Meetings of Shareholders were convened in 2014.

Nomination Board appointed by the shareholders

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

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

The Nomination Board comprises four members:

- the Chairman of the Board;
- the Vice Chairman of the Board;
- two members appointed annually by the two largest shareholders (one each) as of 30 September.

The Chairman of the Board convenes the Nomination Board. A Nomination Board member who is also a member of the Board may not be Chairman of the Nomination Board. The Nomination Board presents its proposals for the Annual General Meeting to the Board before 31 January.

The Nomination Board has a charter that defines its tasks and responsibilities in more detail. The Nomination Board approves the charter in its first meeting.

In 2014

The Nomination Board appointed by the AGM in 2014 comprised four members: the Chairman of the Board (Gunnar Brock), the Vice Chairman of the Board (Juha Rantanen) and two other members appointed by the two largest shareholders, namely Pekka Ala-Pietilä¹⁾ (Solidium) and Marcus Wallenberg¹⁾ (FAM AB).

Pekka Ala-Pietilä was elected Chairman of the Nomination Board at its first meeting. The main tasks of the Nomination Board were to prepare the proposals for the AGM in 2015 concerning Board members and their remuneration. The Nomination Board appointed by the AGM in 2014 convened 3 times (15 October 2014-28 January 2015).

The Nomination Board proposes in its proposal for the AGM in 2015 that the current members of the Board of Directors – Gunnar Brock, Anne Brunila, Elisabeth Fleuriot, Hock Goh, Mikael Mäkinen, Juha Rantanen, Hans Stråberg, Richard Nilsson, - be re-elected members of the Board of Directors until the end of the following AGM. Birgitta Kantola has announced that she is not available for re-election to the Board of Directors. The Nomination Board also proposes that the remuneration of the Board be kept at the current level and that the AGM in 2015 appoint a Nomination Board to present proposals for Board membership and remunerations to the AGM in 2016.

Remuneration

No remuneration is paid for Nomination Board members as decided by the AGM.

¹⁾ Pekka Ala-Pietilä is Chairman of the Board of Solidium and Marcus Wallenberg is Chairman of the Board of Directors of FAM AB.

Board of Directors (Board)

Stora Enso is managed by the Board according to International Corporate Governance Principles (based on OECD Principles of Corporate Governance 2004).

According to the Company's Articles of Association, the Board comprises six to eleven ordinary members appointed by the shareholders at the AGM for a one-year term. It is the policy of the Company that the majority of the directors shall be independent of the Company. The independence is evaluated in accordance with recommendation 15 of the Code. 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 more than 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 10% of already issued shares.

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

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

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

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

The Board has defined a working order, the principles of which are published in the Annual Report and on the Company's website.

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

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

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

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

In 2014

The Board had nine members at the end of 2014, 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 Foundation Asset Management).

The Board members nominated at the AGM in 2014 were Gunnar Brock (Chairman), Juha Rantanen (Vice Chairman), Anne Brunila, Elisabeth Fleuriot, Hock Goh, Birgitta Kantola, Mikael Mäkinen, Hans Stråberg and Richard Nilsson. The Board convened twelve times during the year.

For detailed information about the Board members and their share ownerships, see pages 17–18.

Working order of the Board

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

Board meetings

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

Information

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

Matters to be handled at Board meetings

- matters specified by the Finnish Companies Act;
- approval of business strategy;
- organisational and personnel matters
 - decisions concerning the basic top management organisation;
 - decisions concerning the composition of the Group Leadership Team;
 - remuneration of the CEO;
 - appointment and dismissal of the CEO and approval of heads of divisions and other senior officers belonging to the GLT;
 - appointment of Board committees (including chairmen);

- economic and financial matters
 - review of annual budget;
 - approval of loans and guarantees, excluding intra-Group loans and guarantees;
 - report of share repurchases, if any;
 - approval of Group Risk Management Policy according to Financial and Audit Committee's proposal;
- investment matters
 - approval of investment policy of the Group;
 - approval of major investments;
 - approval of major divestments;
- other matters
 - report of the CEO on the Group's operations;
 - reports of the Remuneration Committee, Financial and Audit Committee and Global Responsibility and Ethics Committee by the chairmen of the respective committees. The Nomination Board's recommendations and proposals shall be reported to the Board by the Chairman of the Board.
 - approval and regular review of Corporate Governance and the charters of the Board committees;
 - annual self-assessment of Board work and performance;
- other matters submitted by a member of the Board or the CEO.

Composition of the Board in 2014

Board member	Elected	Position	Born	Nationality	Independent of the Company	Independent of significant shareholders
Gunnar Brock	2005	Chairman	1950	Swedish	yes	yes
Juha Rantanen	2008	Vice Chairman	1952	Finnish	yes	yes
Anne Brunila	2013	Member	1957	Finnish	yes	yes
Elisabeth Fleuriot	2013	Member	1956	French	yes	yes
Hock Goh	2012	Member	1955	Singaporean	yes	yes
Birgitta Kantola	2005	Member	1948	Finnish	yes	yes
Mikael Mäkinen	2010	Member	1956	Finnish	yes	yes
Hans Stråberg	2009	Member	1957	Swedish	yes	yes
Richard Nilsson	2014	Member	1970	Swedish	yes	no ¹⁾

¹⁾ The Board members are independent of significant shareholders of the Company with the exception of Richard Nilsson (Investment Manager at FAM AB). A significant shareholder is a shareholder that holds more than 10% of all Company shares or the votes carried by all the shares or has the right or obligation to purchase 10% of already issued shares.

Board Share Interests at 31 December 2014

	Shares Held ¹⁾	
	A	R
Board Members at 31 December 2014		
Gunnar Brock, Chairman	-	61 292
Juha Rantanen, Vice Chairman	-	14 738
Anne Brunila	-	9 029
Elisabeth Fleuriot	-	9 029
Hock Goh	-	14 812
Birgitta Kantola	-	31 017
Mikael Mäkinen	-	21 705
Hans Stråberg	-	7 162
Richard Nilsson	-	24 590
Total Shares Held	-	193 374

¹⁾ Shares held by Board members and related parties. Board members' related parties held no Stora Enso shares.

Board Remuneration and Committee Memberships as Decided by AGM in 2014¹⁾

Board Members at 31 December 2014	Board EUR	Financial and Audit Committee EUR	Remuneration Committee EUR	Global Responsibility and Ethics Committee EUR
Gunnar Brock	170 000 ²⁾	14 000	10 000 ²⁾	
Juha Rantanen	100 000	14 000	6 000	
Anne Brunila	70 000			7 500 ²⁾
Elisabeth Fleuriot	70 000			
Hock Goh	70 000			
Birgitta Kantola	70 000	20 000 ²⁾		4 000
Mikael Mäkinen	70 000	14 000		
Hans Stråberg	70 000		6 000	
Richard Nilsson	70 000			

¹⁾ 40% of the Board remuneration in 2014 was paid in Stora Enso R shares purchased from the market and distributed as follows: Chairman 9 284 R shares, Vice Chairman 5 461 R shares and members 3 822 R shares each. The Company has no formal policy requirements for the Board members to retain shares received as remuneration.

²⁾ Chairman

Board Remuneration

EUR	2014¹⁾	2013¹⁾
Chairman	170 000	170 000
Vice Chairman	100 000	100 000
Board Member	70 000	70 000

¹⁾ 40% of the Board remuneration in 2014 and 2013 was paid in Stora Enso R shares purchased from the market and distributed as follows: Chairman 9 284 (12 646) R shares, Vice Chairman 5 461 (7 439) R shares and members 3 822 (5 207) R shares each.

Board committees

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

Financial and Audit Committee

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

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

In 2014

The Financial and Audit Committee comprised four members in 2014: Birgitta Kantola (Chairman), Gunnar Brock, Mikael Mäkinen and Juha Rantanen. The Committee convened six times.

The main task of the Committee is to support the Board in maintaining the integrity of Stora Enso's financial reporting and the Board's control functions. To fulfil its task the Committee regularly reviewed the system of internal control, management and reporting of financial risks and the audit process during 2014.

Remuneration

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

A summary of the Financial and Audit Committee Charter is presented at www.storaenso.com/investors/governance

Remuneration Committee

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

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

In 2014

The Remuneration Committee comprised three members in 2014. The members were Gunnar Brock (Chairman), Hans Stråberg and Juha Rantanen. The Committee convened six times.

During 2014, the main tasks were to recommend, evaluate and approve executive nominations and remunerations, and to make recommendations to the Board relating to management remuneration in general.

Remuneration

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

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

Global Responsibility and Ethics Committee

The Board has a Global Responsibility and Ethics Committee which is responsible for overseeing the Company's global responsibility 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 Global Responsibility Strategy and Ethics and Compliance Strategy and, in accordance with Stora Enso's corporate governance structure, oversees their effective implementation. In its work the Committee takes into consideration Stora Enso's Purpose and Values as well as Code of Conduct and Business Practice Policy.

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

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

In 2014

The Global Responsibility and Ethics Committee comprised two members in 2014: Anne Brunila (Chairman) and Birgitta Kantola. The Committee convened five times.

During 2014, the focus areas of Committee's meetings related to Company's new governance model, the addition of a Global Responsibility section into interim reviews, the execution of a risk assessment process related to Global Responsibility risks, and the development of our Global Responsibility performance management process. The Committee also visited Stora Enso's operations in Guangxi to gain an in-depth understanding of ongoing efforts to address the social and environmental impacts of this project.

Remuneration

Chairman EUR 7 500 and member EUR 4 000 per annum as decided by the AGM.

The summary of Global Responsibility and Ethics Committee Charter is presented at www.storaenso.com/investors/governance

Attendance at Board and Committee meetings in 2014

Board member	Board attendance	Financial and Audit Committee		Remuneration Committee		Global Responsibility and Ethics Committee	
		Chairman/Member	Attendance	Chairman/Member	Attendance	Chairman/Member	Attendance
Gunnar Brock	11/12	x	6/6	x	6/6		
Juha Rantanen	12/12	x	6/6	x	4/4		
Anne Brunila	12/12					x	5/5
Elisabeth Fleuriot	11/12						
Hock Goh	12/12						
Birgitta Kantola	12/12	x	6/6			x	5/5
Mikael Mäkinen	12/12	x	6/6				
Hans Stråberg	12/12			x	6/6		
Richard Nilsson ¹⁾	8/9						
Matti Vuoria ²⁾	3/3			x	2/2		
Marcus Wallenberg ²⁾	3/3						

¹⁾ Richard Nilsson was appointed at the 2014 Annual General Meeting.

²⁾ Member of Stora Enso's Board of Directors until his resignation on 23 April 2014.

Management of the Company

Chief Executive Officer (CEO)

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

The Board approves the main organisation, including the functions reporting to the CEO. At the end of 2014 the CEO was directly in charge of the following functions, which also reported to him:

- Divisions (Renewable Packaging*, Biomaterials, Building and Living, and Printing and Reading). The Operating Segments reporting to the CEO comprised Renewable Packaging, Biomaterials, Building and Living, Printing and Reading, and Other.
- CFO (responsible for Accounting, Controlling, Corporate Finance and M&A, Internal Audit, Investor Relations, Tax, Treasury)
- Business Information Services
- Global People and Organisation
- Global Ethics and Compliance, General Counsel
- Global Communications
- Global Responsibility
- Sourcing
- Energy, Logistics, Wood Supply Operations in Finland and Sweden

The CEO is also responsible for preparatory work with regard to Board meetings. In addition, the CEO supervises decisions regarding key personnel and other important operational matters.

One of the Group Leadership Team members acts as deputy to the CEO as defined in the Finnish Companies Act.

* Stora Enso's divisional structure was changed as of 1 January 2015. The former Renewable Packaging division was split into two separate divisions and reporting segments: Consumer Board and Packaging Solutions. The name of the Building and Living division was changed to Wood Products and the name of Printing and Reading division to Paper.

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 2014, the eleven GLT members were the CEO, the CFO, and the heads of the divisions, Global People and Organisation, Global Ethics and Compliance (who is also General Counsel), Global Communications, Global Responsibility and Sourcing, and the head of Energy, Logistics and Wood Supply Operations in Finland and Sweden.

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.

In 2014

The GLT had eleven members at the end of 2014. The GLT convened thirteen times during the year, eight times in person and five times over the telephone. Important items on the agenda in 2014 were implementation of the new division structure, safety issues, customers, diversity and quality of the talent bench, company purpose and values, reviewing the operations of the Group, planning and following up investment and other strategic projects, and preparatory work for Board meetings.

Divisions and other functions

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

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

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

The GLT is responsible for all policy issues relating to Global Responsibility. Everyday responsibility issues are handled by the Global Responsibility function together with the Global Ethics and Compliance function, Global People and Organisation function and the Divisions, which are responsible for the operational management of responsibility issues. The operational management of global responsibility is co-ordinated by the Global Responsibility Council, whose members come from the divisions and other key functions. The Council reports to the Board of Directors' Global Responsibility and Ethics Committee, the CEO and the Group Leadership Team.

The Company has user boards for certain cross-functional service functions (Logistics, Business Information Services, 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.

Remuneration in Stora Enso

Remuneration principles

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

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

Stora Enso's total remuneration mix consists of:

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

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

Stora Enso's full remuneration policy is presented at www.storaenso.com/investors/governance/remuneration

Management remuneration and share interests

The Remuneration Committee is responsible for recommending, evaluating and approving executive nominations and remunerations (including reviewing and recommending the CEO's remuneration), evaluating the performance of the CEO, and making recommendations to the Board relating to management remuneration issues generally, including equity incentive remuneration plans. The Board appoints the CEO and approves his/her remuneration. The CEO approves the remunerations of other executives after they have been reviewed by the Remuneration Committee.

The table below includes the remuneration paid to GLT members during the year, including the options or share awards that vested in that year. The Company recommends and expects the CEO and 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. Additional information relating to the cost of options and share awards as calculated in accordance with International Financial Reporting Standards is also disclosed in the text.

The aggregate cost of GLT remuneration in 2014 amounted to EUR 10.1 (EUR 7.6) million. The increase is mainly due to increased number of GLT members and higher fulfilment of financial objectives resulting in payouts in the Short term- and Long term incentives compared to 2013. The total number of GLT members were eleven (nine) at year end 2014. During 2014 Johanna Hagelberg, Kati Ter Horst, Terhi Koipijärvi, Ulrika Lilja, Seppo Parvi and Jari Suominen joined GLT while Jouko Karvinen, Mats Nordlander, Lauri Peltola and Jyrki Tammivuori left GLT. At year end 2014, two new GLT members were appointed effective in 2015: Noel Morrin and Jari Latvanen.

In accordance with their respective pension arrangements, GLT members may retire at sixty or 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. Executives appointed before 2007 receive a further optional twelve months salary depending on employment.

The ordinary annual salary review was effective, as normal, from 1 March. The outcome of the financial targets relating to the Short Term and Long Term Incentive programmes for performance year 2013 was reviewed and confirmed by the Remuneration Committee beginning of 2014.

Shown in Stora Enso's Financial Report 2014 in Note 21 Employee Variable Compensation and Equity Incentive Schemes are details of share awards and share option programmes and incentive schemes for the management and staff of Stora Enso.

Executives other than CEO

Short Term Incentive (STI) programmes for management

GLT members have STI programmes with up to a maximum of 50% of their annual fixed salary, payable the year after the performance period. The STI for 2014 was based 70% on financial measures and 30% on Individual Key Targets for the CEO, CFO and division heads but based 60% on financial measures and 40% on Individual Key Targets for other GLT members.

Option programmes for management

No options have been awarded since 2007. During 2013, all options relating to the 2007 programme lapsed and none were exercised.

Long Term Incentive (LTI) programmes for management

Since 2009 new Performance Share programmes have been launched each year. The Performance Share programmes vest in portions over three years, based on annually defined targets set by the Remuneration Committee. All the programmes launched in 2009 to 2011 can vest up to an absolute maximum vesting level of 150% of the number of shares awarded, provided that the result of the performance criterion exceeds the target. In the Performance Share programmes launched since 2012, the absolute maximum vesting level has been changed to 100% of the number of shares awarded.

Three quarters (75%) of the awards under the 2014 program is in Performance Shares, where shares will vest in accordance with performance criteria determined by the Remuneration Committee of the Board. One quarter (25%) of the award under the 2014 program is in Restricted Shares, for which vesting is subject to continued employment.

Under the 2014 Performance Share programme, GLT members (in GLT at year end) received awards of 274 000 shares assuming the maximum vesting level during the three-year vesting period (2014-2016) is achieved.

The fair value of employee services received in exchange for share-based compensation payments is accounted for in a manner that is consistent with the method of settlement either as cash-settled or equity settled as described in more detail in Note 21. 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 on executives (GLT members at settlement date) from previous awards derived from Restricted Share programmes and Performance Share programmes amounted to 187 000 having a cash value at the 1 March 2014 settlement date of EUR 1 544 000 based on the share price of EUR 8.255 at that date.

No GLT members received any share awards in 2014 other than under the LTI 2014 program.

Chief Executive Officer – Karl-Henrik Sundström

The CEO has been employed since 1 August 2012 and assumed the position as CEO on 1 August 2014. His contract was approved by the Board on his appointment. It 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. Benefits include a company car and pension provisions. The CEO's pension plan consists of collectively agreed pension plan in Sweden (ITP2) and a defined contribution (DC) top up pension plan. Contributions to the DC plan in the interval 20-30 Income Base Amounts (IBA; one IBA was 56 900 SEK in 2014) is 23%, contributions above 30 IBA is 35% for the salary the CEO had prior to assuming this position and 39% on the salary increase amount received when assuming the position as CEO. The retirement age is sixty-five years.

Short Term Incentive (STI) programme for CEO

The CEO is entitled to a STI programme decided by the Board each year giving a maximum of 75% of annual fixed salary. The STI for 2014 was based 70% on financial measures and 30% on Individual Key Targets.

Option programmes for CEO

The CEO has not been awarded any options.

Long Term Incentive (LTI) programmes for CEO

The CEO participates in a number of share based LTI programmes. The 2012 to 2013 Performance Share programmes vest in portions over three years, based on annually defined targets set by the Remuneration Committee. The 2014 program has a three year target and vest to 100% after three years. Three quarters (75%) of the awards under the 2014 program is in Performance Shares, where shares will vest in accordance with performance criteria determined by the Remuneration Committee of the Board. One quarter (25%) of the award under the 2014 program is in Restricted Shares, for which vesting is subject to continued employment.

The CEO received an award under the 2014 Performance Share programme of 83 157 shares. The grant value EUR 646 000 is based on the share price at grant date and assuming maximum vesting level during the three-year vesting period is achieved. There has been no settlement of shares to the CEO since he assumed the position as CEO in August. The former CEO received shares from previous awards of Restricted Share programmes and Performance Share programmes, which amounted to 66 559 shares having a cash value at the 1 March 2014 settlement date of EUR 549 000 based on the share price of EUR 8.255 at that date. All outstanding awards for the former CEO lapsed in September 2014 when he left employment.

Group Leadership Team Remuneration

Year Ended 31 December

EUR thousand	2014				2013		
	CEO ¹⁾	Former CEO ²⁾	Others ³⁾	GLT Total ⁷⁾	CEO	Others	GLT Total
Remuneration							
Annual salary	384	655	3 019	4 058	1 148	3 408	4 556
Local housing (actual costs)	-	-	102	102	-	110	110
Other benefits	9	8	198	215	14	148	162
Termination benefits	-	-	880 ⁵⁾	880	-	-	-
Short Term Incentive programme	-	847 ⁴⁾	656	1 503	186	322	508
Long Term Incentive programme	-	549	1 543	2 092	-	183	183
	393	2 059	6 398	8 850	1 348	4 171	5 519
Pension Costs							
Mandatory Company plans	25	-	620	645	-	519	519
Stora Enso voluntary plans	106 ⁶⁾	316	192	614	399	1 134	1 533
	131	316	812	1 259	399	1 653	2 052
Total Compensation, Excluding Deferred Short Term Incentives	524	2 375	7 210	10 109	1 747	5 824	7 571
Total Compensation	524	2 375	7 210	10 109	1 747	5 824	7 571

¹⁾ CEO remuneration consist of remuneration delivered to Karl-Henrik Sundström from his appointment as CEO on 1 August 2014.

²⁾ Former CEO remuneration consist of remuneration delivered to Jouko Karvinen for the period up until his last day of employment (30 September 2014)

³⁾ The amounts below include payments related to Karl-Henrik Sundström until 1 August, Mats Nordlander until 21 March, Lauri Peltola until 1 September and Jyrki Tammi vuori until 31 January. Payments related to the new GLT member Seppo Parvis are included from 1 February, Johanna Hagelberg is included from 1 November while the new GLT members Kati Ter Horst, Terhi Koipijärvi, Ulrika Lilja and Jari Suominen are included from 1 September.

⁴⁾ For the former CEO, short term incentives paid include a payment in relation to year 2013 as well as a payment relating to the fulfilment of year 2014 targets. Payment was calculated based on fulfilment of 2014 targets as at year-to-date 30 September 2014. Normally payout is in March 2015. Former CEO did not receive any other termination benefits such as severance pay.

⁵⁾ Termination benefit includes severance pay of 12 months basic salary for two GLT members that left GLT.

⁶⁾ The CEO participates in the Swedish Executive Pension Plan where pension accruals are unfunded for all participants, the liability is calculated and insured in accordance with Swedish legislation. The liability for the CEO amounts to EUR 670 thousand.

⁷⁾ The pay-outs in March 2014 for Short term Incentive and Long Term Incentive were based on 2013 results. Disclosed amounts are included for the executives who were GLT members at the time of the payment. Annual salary for executives is disclosed only for the period during which they were GLT members.

Group Leadership Team Share Interests and Options

Executives in Office at the Year End	R Shares Held ^{1, 2)}	Performance Share Awards	Restricted Share Awards
Juan Carlos Bueno	-	100 425	11 125
Johanna Hagelberg	814	8 550	4 788
Lars Häggström	7 882	63 750	7 750
Terhi Koipijärvi	1 148	9 645	1 625
Ulrika Lilja	7 355	8 848	2 949
Per Lyrvall	24 573	54 150	7 250
Seppo Parvi	3 627	22 500	14 792
Karl-Henrik Sundström ³⁾	65 318	135 208	20 789
Jari Suominen	12 098	25 169	4 783
Kati Ter Horst	5 273	30 713	5 688
Juha Vanhainen	70 746	99 900	12 250
Total, Serving Officers⁴⁾	198 834	558 858	93 789

¹⁾ None of the GLT members holds A shares.

²⁾ There were no shareholdings by related parties of GLT members as of 31 December 2014 with the exception of Karl-Henrik Sundström as shown below.

³⁾ 41 700 of the shares are held by a related party (Alma Patria AB).

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

The following Executive Officers also Served in 2014

	Shares Held when GLT Membership Ended	Performance Share Awards when GLT Membership Ended	Restricted Share Awards when GLT Membership Ended	Effective Date of GLT Membership Ending
Jouko Karvinen ¹⁾	272 285	319 230	27 750	30 Sep, 2014
Mats Nordlander ¹⁾	81 113	130 200	15 500	21 March, 2014
Lauri Peltola ¹⁾	28 003	52 200	6 250	31 Aug, 2014
Jyrki Tammivuori	15 749	17 900	0	31 Jan, 2014
	397 150	519 530	49 500	

¹⁾ Outstanding Performance share awards and Restricted share awards lapsed when employment with Stora Enso ended.

Other supervisory bodies and norms

Auditor

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

In 2014

Deloitte & Touche Oy (Deloitte) has been acting as Stora Enso's auditor since 2008. At the 2014 Annual General Meeting Deloitte was re-elected as auditor for a term of office expiring at the end of the Annual General Meeting in 2015.

Principal Independent Auditor's Fees and Services

EUR million	Year Ended 31 December	
	2014	2013
Audit fees	4	4
Audit-related	-	-
Tax fees	-	-
Other fees	1	1
Total	5	5

Internal Audit

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

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

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

Ethics and Compliance Board

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

and Organisation, Head of Internal Audit and the Legal Counsel dedicated to compliance matters. The Ethics and Compliance Board shall convene at least four times every year.

Insider guidelines

The Company complies with the insider guidelines of NASDAQ OMX Helsinki. The Company's internal insider guidelines are published and distributed throughout the Group.

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

Public insiders

According to the Finnish Securities Markets Act, public insiders or persons subject to disclosure requirement are persons in the following positions: members of the Board of Directors, the CEO and the CFO, and person(s) with main responsibility for the audit. The CEO has decided that other public insiders are the members of the Group Leadership Team (GLT), the Assistant General Counsel and the head of Investor Relations.

The list of public insiders is approved by the CEO. The Company's public insider register is publicly available and is maintained by Euroclear Finland Oy.

Company-specific insiders

Company-specific insiders are persons who regularly receive inside information or who could have an opportunity to gain access to insider information through the nature of their work and who are not in the public insider register. Company-specific insiders are the divisions management teams, the personal assistants/secretaries to the members of the GLT and divisions management teams and the representatives of the employees. The heads and all members of the Investor Relations and Global Communications teams are also regarded as company-specific insiders, as well as the heads and certain team members of Treasury, Group Accounting and Controlling and Legal Services.

The company-specific insider register is a non-public permanent register. Persons included in a company-specific insider register are informed either by letter or by e-mail. The list of persons included in the continuously updated company-specific insider register is approved by the General Counsel.

Project-specific insider register

When a large project such as a merger or acquisition is under preparation, persons who are involved in that project and receive inside information are also considered insiders. In these cases a separate project-specific insider register is established. The General Counsel or the Assistant General Counsel will decide case-by-case in which projects such a register shall be established.

A project-specific insider register is a temporary register. Persons included in a project-specific insider register are informed either by letter or by e-mail.

Closed period

During the closed period insiders are not allowed to trade in the Company's securities. The period starts when the reporting period ends and lasts until the results are announced. The dates are published in the financial calendar at www.storaenso.com/investors.

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

The control environment sets the tone of the organisation, influencing the control consciousness of employees. It is the foundation for all other components of internal control, providing discipline and structure.

The Board has the overall responsibility for setting up an effective system of internal control and risk management. The roles and responsibilities of governance bodies are defined in the Corporate Governance policy of the Company.

Responsibility for maintaining an effective control environment and operating the system for risk management and internal control of financial reporting is delegated to the CEO. The internal control in the Company is based on the Group's structure, whereby the Group's operations are organised into divisions and various support and service functions. Group functions prepare and the CEO and GLT issue corporate guidelines that stipulate responsibilities and authority, and constitute the control environment for specific areas, such as finance, accounting, investments, purchasing and sales. The Company has proper processes to ensure the reliability of the Company's financial reporting and disclosure processes.

The Company has a formal code of conduct and other policies regarding acceptable business practice, conflicts of interest and expected standards of ethical and moral behaviour. These policies are translated into relevant languages. Standard requirements have been defined for internal control over financial reporting and self-

assessment is used as a tool to facilitate the evaluation of controls in individual business units and support functions.

The management expects all employees to maintain high moral and ethical standards and those expectations are communicated to employees through internal communication channels and are reinforced through training.

Risk assessment

Risk assessment is the identification and analysis of relevant risks to the achievement of objectives, forming a basis for determining how the risks should be managed. In the Company the major risks affecting internal control over financial reporting have been identified in a baseline risk assessment and at different levels, such as Group, division, unit or function and process. The assessment of risk includes risks related to fraud and irregularities, as well as the risk of loss or misappropriation of assets. Information on development of essential risk areas and executed and planned activities in these areas are communicated regularly to the Financial and Audit Committee.

Control activities

Control activities are the policies and procedures in place to ensure that management directives are carried out and that necessary action is taken to address risks related to the achievement of the organisation's objectives. Control activities are aimed at preventing, detecting and correcting errors and irregularities and occur throughout the organisation, at all levels and in all functions. They include a range of activities such as approvals, authorisations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties as well as general computer controls.

Information and communication

The Company's information and communication channels support completeness and correctness of financial reporting, for example, by making internal instructions and policies regarding accounting and financial reporting widely known and accessible to all employees concerned, as well as through regular updates and briefing documents regarding changes in accounting policies and reporting and disclosure requirements. Subsidiaries and operational units make regular financial and management reports to the management, including analysis and comments on financial performance and risks. The Board receives financial reports monthly. The Company has internal and external procedures for anonymous reporting of violations related to accounting, internal controls and auditing matters.

Monitoring

The Company's financial performance is reviewed at each Board meeting. The Financial and Audit Committee handles and the Board reviews all Interim Reports before they are released by the CEO. The annual financial statements and the Report of the Board of Directors are reviewed by the Financial and Audit Committee

and approved by the Board. The effectiveness of the process for assessing risks and the execution of control activities are monitored continuously at various levels. Monitoring involves both formal and informal procedures applied by management and processes owners, including reviews of results in comparison with budgets and plans, analytical procedures, and key performance indicators.

The Company has a separate internal auditing organisation. The role, responsibilities and organisation of Internal Audit are described under Other Supervisory Bodies and Norms.

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. Stora Enso's Code of Conduct was revised in 2013 and sets forth the company game rules. In 2011 the company established its Business Practice Policy to complement the Code of Conduct, which further sets out Stora Enso's approach to ethical business practices and describes the processes for reporting on violations thereof. No matter who they are or where they are, all employees are expected to comply with the Code of Conduct and Business Practice Policy. Continuous e-learning, face-to-face training and sign-off are organised in order to ensure that these are part of the everyday decision-making and activities at Stora Enso.

In order to enhance the supervision and monitoring of legal and regulatory compliance-related policies and issues, in 2012 Stora Enso established its Compliance Board, which is described in more detail on page 14.

Members of the Board of Directors

Gunnar Brock

Chairman of Stora Enso's Board of Directors since March 2010. Member of Stora Enso's Board of Directors since March 2005. Independent of the Company and the significant shareholders.
 Born 1950. M.Sc. (Econ.). Swedish citizen. Member of Stora Enso's Financial and Audit Committee and Chairman of the Remuneration Committee since March 2010. Member of the Nomination Board. Chairman of the Board of Mölnlycke Healthcare AB and Rolling Optics. Member of the Board of Total SA, Investor AB, SOS Children's Villages, Sweden, Stockholm School of Economics, GreenGold Capital AB, Stena AB and Syngenta International AG. Member of the Royal Swedish Academy of Engineering Sciences (IVA). President and CEO of Atlas Copco Group 2002–2009, President of Thule International 2001–2002, President and CEO of Tetra Pak Group 1994–2000, President and CEO of Alfa Laval 1992–1994.

Owns 61 292 R shares in Stora Enso.

Juha Rantanen

Vice Chairman of Stora Enso's Board of Directors since March 2010. Member of Stora Enso's Board of Directors since March 2008. Independent of the Company and the significant shareholders.
 Born 1952. M.Sc. (Econ.). Finnish citizen. Member of Stora Enso's Financial and Audit Committee since March 2010 and member of Remuneration Committee since April 2014. Member of the Nomination Board. Member of the Board of Crisis Management Initiative – the Ahtisaari Centre, Suomen Messut – Finnexpo, Onvest Oy, Stalutube Oy and Teknikum Oy. Chairman of the Supervisory Board of Gasum Oy. President and CEO of Outokumpu Group 2005–2011, President and CEO of Ahlstrom Corporation 1998–2004, CEO of Borealis A/S 1994–1997.

Owns 14 738 R shares in Stora Enso.

Anne Brunila

Member of Stora Enso's Board of Directors since April 2013. Independent of the Company and the significant shareholders.
 Born 1957. D.Sc. (Econ.). Finnish citizen. Chairman of Stora Enso's Global Responsibility and Ethics Committee since April 2013. Professor in Hanken School of Economics as of 1 January 2014. Vice Chairman of the Board of Aalto University Foundation. Member of the Board of Sampo Plc, Kone Plc, Sanoma Plc, the Research Institute of the Finnish Economy ETLA and the Finnish Business and Policy Forum EVA. Executive Vice President, Corporate Relations and Strategy and Member of the Management Team of Fortum 2009–2012. President and CEO of the Finnish Forest Industries Federation 2006–2009. Director General in the Finnish Ministry of Finance 2003–2005 and several positions in the Bank of Finland 1992–2000 and the European Commission 2000–2002.

Owns 9 029 R shares in Stora Enso.

Elisabeth Fleuriot

Member of Stora Enso's Board of Directors since April 2013. Independent of the Company and the significant shareholders.
 Born 1956. M.Sc. (Econ.). French citizen. CEO of MW Brands as of 26 August 2013. Member of the Board of Directors of Carlsberg Company. Senior Vice President, Emerging Markets and Regional Vice President, France, Benelux, Russia and Turkey, in Kellogg Company 2001–2013. General Manager, Europe, in Yoplait, Sodiaal Group 1998–2001. Several management positions in Danone Group 1979–1997.

Owns 9 029 R shares in Stora Enso.

Hock Goh

Member of Stora Enso's Board of Directors since April 2012. Independent of the Company and the significant shareholders.
 Born 1955. Bachelor's degree (honours) in Mechanical Engineering. Singaporean citizen. Chairman of the Board of Advent Energy Limited, an Australian oil and gas exploration company, since 2007. Operating Partner of Baird Capital Partners Asia 2005–2012. Several senior management positions in Schlumberger Limited, the leading oilfield services provider, in 1995–2005. Chairman of the Board of MEC Resources. Member of the Board of AB SKF, Santos Australia, BPH Energy and KS Distribution Pte Ltd.

Owns 14 812 R shares in Stora Enso.

Birgitta Kantola

Member of Stora Enso's Board of Directors since March 2005. Independent of the Company and the significant shareholders.
 Born 1948. LL.M., Econ.Dr.H.C. Finnish citizen. Member of Stora Enso's Financial and Audit Committee since March 2005 and Chairman of the Committee since April 2009. Member of Stora Enso's Global Responsibility and Ethics Committee since April 2013. Member of the Board of Skandinaviska Enskilda Banken AB (publ) and Nobina AB. Vice President and CFO of International Finance Corporation (World Bank Group), Washington D.C. 1995–2000. Executive Vice President of Nordic Investment Bank 1991–1995.

Owns 31 017 R shares in Stora Enso.

Mikael Mäkinen

Member of Stora Enso's Board of Directors since March 2010. Independent of the Company and the significant shareholders.
 Born 1956. M.Sc. (Eng.). Finnish citizen. Member of Stora Enso's Financial and Audit Committee since April 2013. President of Marine Rolls-Royce as of April 2014. President of Cargotec Marine 2012–2013. President and CEO of Cargotec Oyj 2006–2012. Deputy CEO Wärtsilä 2004–2006, Group Vice President, Ship Power, Wärtsilä 1999–2004.

Owns 21 705 R shares in Stora Enso.

Richard Nilsson

Member of Stora Enso's Board of Directors since April 2014. Independent of the Company but not of its significant shareholders due to his employment at FAM AB.

Born 1970. B.Sc. (Business Administration and Economics). Swedish citizen. Investment Manager at FAM AB since 2008. Pulp & paper research analyst at SEB Enskilda 2000–2008, Alfred Berg 1995–2000 and Handelsbanken 1994–1995. Member of the Board of Directors of Bergvik Skog AB, Boston-Power Inc. and Cellutech AB.

Owns 7 162 R shares in Stora Enso.

Hans Stråberg

Member of Stora Enso's Board of Directors since April 2009. Independent of the Company and the significant shareholders.

Born 1957. M.Sc. (Eng.). Swedish citizen. Member of Stora Enso's Remuneration Committee since March 2010. Chairman of the Board of Atlas Copco AB, Roxtec AB, Orchid First Holding AB, CTEK Holding AB and Nikkarit Holding AB. Member of the Board of Investor AB, N Holding AB, Mellby Gård AB and Hedson Technologies International AB. President and CEO of AB Electrolux 2002–2010. Several management positions at Electrolux in Sweden and the USA 1983–2002.

Owns 24 590 R shares in Stora Enso.

Matti Vuoria, member of Stora Enso's Board of Directors since March 2005 until his resignation on 23 April 2014. He was also member of Stora Enso's Remuneration Committee since March 2005. He was independent of the Company and the significant shareholders.

Marcus Wallenberg, member of Stora Enso's Board of Directors since December 1998 until his resignation on 23 April 2014. Member of Stora's Board of Directors from March 1998 until the merger with Enso in 1998. Marcus Wallenberg (Chairman of the Board of Directors of FAM AB) was not independent of significant shareholders of the Company. The Board evaluated that Marcus Wallenberg was independent of the Company despite his 15-year membership of the Board of Directors.

The independence is evaluated in accordance with Recommendation 15 of the Finnish Corporate Governance Code. The full recommendation can be found at www.cgfinland.fi. A significant shareholder according to the recommendation is a shareholder that holds more than 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 10% of already issued shares.

Members of the Group Leadership Team

Karl-Henrik Sundström

Chief Executive Officer (CEO) of Stora Enso

Born 1960. B.Sc. (Business Studies). Swedish citizen. Member of the GLT since 2012. Joined the company in 2012. Executive Vice President, Printing and Living until 31 July 2014. CFO of the company until June 2013. CFO of NXP Semiconductors 2008–2012. Prior to that CFO and several managerial positions in Ericsson. Member of the Board of Swedbank and Sustainable Energy Angels AB.

Owns 23 618 R shares in Stora Enso directly and 41 700 R shares through Alma Patria AB (related party).

Seppo Parvi

Chief Financial Officer (CFO) of Stora Enso, Deputy to the CEO, Country Senior Executive, Finland

Born 1964. M.Sc. Finnish citizen. Member of the GLT since February 2014. Joined the company in February 2014. CFO and EVP, Food and Medical Business Area at Ahlstrom Corporation 2009–2014. CFO for Metsä Board (M-real) 2006–2009. Prior to that various line management positions at the packaging company Huhtamäki, including responsibilities such as paper manufacturing within Rigid Packaging Europe and General Manager for Turkey. Deputy Chairman of the Board of the Finnish Forest Industries Federation as of 1 January 2015.

Owns 3 627 R shares in Stora Enso.

Juan Carlos Bueno

Executive Vice President, Head of Stora Enso Biomaterials

Born 1968. M.Sc. (Industrial Eng.). Colombian citizen. Member of the GLT since 2011. Joined the company in 2011. EVP, Stora Enso Latin America until January 2012. Vice President of DuPont Agricultural Products in Brazil 2006–2011. Prior to that several finance, sales, marketing and general business management positions in DuPont in other Latin American countries, USA, Europe, the Middle East and Africa. Chairman of the Board of Montes del Plata. Member of the Board of Veracel.

Does not own any Stora Enso shares.

Johanna Hagelberg

Executive Vice President Sourcing

Born 1972. M.Sc. (Industrial Engineering & Management) and M.Sc. (Engineering and Management of Manufacturing Systems). Swedish citizen. Member of the GLT since November 2014. Joined the company in 2013 as SVP Sourcing, Printing and Living. Chief Procurement Officer at Vattenfall AB 2010–2013. Prior to that leading Sourcing positions at NCC, RSA Scandinavia and within the Automotive Industry.

Owns 814 R shares in Stora Enso.

Kati ter Horst

Executive Vice President, Head of Stora Enso Paper

Born 1968. MBA (International Business), Master of Science (Marketing). Finnish citizen. Member of the GLT since September 2014. Joined the company in 1996. Senior Vice President, Paper Sales, Stora Enso Printing and Living until 31 August 2014. Has held several managerial positions in the paper business. Member of the Board of Finnish Forest Industries Federation as of 1 January 2015.

Owns 5 273 R shares in Stora Enso.

Lars Häggström

Executive Vice President, Global People and Organisation

Born 1968. B.Sc. (HR Development and Labour Relations). Swedish citizen. Member of the GLT since 2010. Joined the company in 2010. Head of Group HR at Nordea Bank AB 2008–2010. Prior to that several managerial HR positions in Gambro AB, AstraZeneca and Telia, and various HR positions at Eli Lilly & Co. 1995–2002, including Director of Human Resources in Latin America.

Owns 7 882 R shares in Stora Enso.

Terhi Koipijärvi

Executive Vice President (acting), Global Responsibility

Born 1967. Master of Science (Forestry and Forest Products Marketing). Finnish citizen. Acting member of the GLT since September 2014. Joined the company in 2010. SVP, Global Responsibility until 31 August 2014. Senior Vice President for Environmental Affairs and Corporate Responsibility at Metsä Group 2007–2010. Prior to that several operational and strategic management positions in forest industry with wide international scope. Member of the Board of Finnish Forest Museum Lusto. Member of the Supervisory Board of the Finnish 4H Organisation.

Owns 1 148 R shares in Stora Enso.

Ulrika Lilja

Executive Vice President, Global Communications

Born 1975. Master of Science (Business Administration and Economics). Swedish citizen. Member of the GLT since September 2014. Joined the company in January 2014. Senior Vice President Communications, Stora Enso Printing and Living until 31 August 2014. Director External Communications at SSAB in Sweden 2010–2013. Prior to that several leading communications positions at OMX Stockholm Stock Exchange and Neonet.

Owns 7 355 R shares in Stora Enso.

Per Lyrvall

**Executive Vice President, Global Ethics and Compliance,
General Counsel, Country Senior Executive, Sweden**

Born 1959. LL.M. Swedish citizen. Member of the GLT since 2012. Joined the company as Legal Counsel in 1994. General Counsel since 2008. Prior to joining Stora Enso legal positions at Swedish Courts, law firms and Assi Domän. Member of the Board of Montes del Plata, Bergvik Skog AB and Skogsindustrierna.

Owns 24 573 R shares in Stora Enso.

Jari Suominen

Executive Vice President, Head of Stora Enso Wood Products

Born 1969. Master of Science (Business administration). Finnish citizen. Member of the GLT since September 2014. Joined the company in 1995. Senior Vice President, head of Building & Living Business Area until 31 August 2014. Has held several managerial positions in paper and wood products businesses.

Owns 12 098 R shares in Stora Enso.

Juha Vanhainen

**Executive Vice President, Energy, Logistics, Wood Supply
Operations in Finland and Sweden**

Born 1961. M.Sc. (Eng.). Finnish citizen. Member of the GLT since September 2007. Joined the company in 1990. EVP, Printing and Reading until June 2013. Has held several managerial positions in the paper business. Member of the Board of Directors of several subsidiaries. Deputy Chairman of the Board of Pohjolan Voima Oy. Member of the Board of Ekokem. Member of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company, member of the Body of Representatives of the Confederation of Finnish Industries (EK).

Owns 70 746 R shares in Stora Enso.

Jouko Karvinen, Chief Executive Officer (CEO) was a member of the Group Leadership Team until 31 July 2014.

Mats Nordlander, Executive Vice President, Renewable Packaging was a member of the Group Leadership Team until 21 March 2014.

Lauri Peltola, Executive Vice President, Global Identity, Country Senior Executive Finland was a member of the Group Leadership Team until 31 August 2014.

Jyrki Tammivuori, Chief Financial Officer (acting) was a member of the Group Leadership Team until 31 January 2014.

Jari Latvanen was appointed EVP, Head of Stora Enso Consumer Board and a member of the Group Leadership Team as of 1 January 2015.

Noel Morrin was appointed EVP, Global Responsibility and a member of the Group Leadership Team as of 1 April 2015.

GLT=Group Leadership Team

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 1.4 The company's nomination committee is to propose a chair for the annual general meeting. The proposal is to be presented in the notice of the meeting.
 - According to Finnish annual general meeting (AGM) practice, the Chairman of the Board of Directors opens the meeting and proposes the chairman. The proposed chairman is normally an attorney-at-law.
- Rule 1.5 The shareholders' meeting is to be conducted in Swedish and the material presented is to be available in Swedish.
 - The meeting is conducted in Finnish with simultaneous interpretation into Swedish and English. The meeting material is also available in both Swedish and English and shareholders may present questions in Swedish.
- Rule 2.1 In its assessment of the board's evaluation and in its proposals in accordance with rule 4.1, the nomination committee is to give particular consideration to the requirements regarding breadth and versatility on the board, as well as the requirement to strive for gender balance.
 - The Nomination Board considers the stated matters within the limits of its duties under the Charter of the Nomination Board. However, the Nomination Board does not make explicit statements in its proposal to the AGM regarding the stated matters.
- Rule 2.1 The nomination committee is also to make proposals on the election and remuneration of the statutory auditor.
 - The Financial and Audit Committee prepares these proposals for shareholder approval in line with the Finnish Code.
- Rule 6.1 The chair of the board is to be elected by the shareholders' meeting.
 - The Board of Directors shall elect one of its members as Chairman and one of its members Vice Chairman according to Stora Enso's Articles of Association.
- Rule 9.1 The board is to establish a remuneration committee, whose main tasks are to monitor and evaluate the application of the guidelines for remuneration that the annual general meeting is legally obliged to establish, as well as the current remuneration structures and levels in the company.
- Rule 10.3 No later than two weeks before the annual general meeting, the board is also to report the results of the evaluation required by bullets two and three of Code rule 9.1 on the company's website.
 - In accordance with Finnish law, the remuneration of the CEO and management is the responsibility of the Board of Directors. The guidelines for and information on remuneration are presented in this Corporate Governance Report and the company's webpages.
- Rule 9.7 The shareholders' meeting is to decide on all share and share-price related incentive schemes for the executive management.
 - The incentive schemes are established by the Board of Directors. If the programmes include the issuance of new shares or disposal of shares held by the Company then the programme will be subject to shareholder approval. Current programmes of the Company do not include such elements.