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...today and tomorrow”

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 on 20 October 2008, which is available at the Internet website www.cgfinland.fi, with the exception that:

The Company deviates from recommendations 22 and 28 of the Code, which recommend that the Nomination Committee should comprise Board members. Instead, the Company’s Annual General Meeting resolved that Stora Enso’s Nomination Committee shall comprise the Chairman and the Vice Chairman of the Board and two other members appointed by the two largest shareholders according to the register of shareholders as of 30 September. This composition is to ensure that the views of the Board and the main shareholders are represented and taken into account in preparing proposals for the Annual General Meeting on Board composition and remuneration.

This Corporate Governance Report pdf-document is available on www.storaenso.com/investors.

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.

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

The Company’s head office is in Helsinki, Finland. It also has an international office in London, United Kingdom and 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 Executive Team (GET) supports the CEO in managing the Company.

Day-to-day operational responsibility rests with the GET 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 account, setting the dividend (or distribution of funds) and its payment, and appointing members of the Board of Directors and the Auditor(s).

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 on operations and the Auditor's report
- the use of the profit 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 Auditors
- election of the members of the Board and the Auditors
- 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 an Auditor or shareholders together holding a minimum of one tenth of all the shares to discuss a specified matter which they have indicated.

Nomination Committee appointed by the shareholders

Shareholders at the AGM appoint a Nomination Committee 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 Committee 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 Committee. A Nomination Committee member who is also a member of the Board may not be Chairman of the Nomination Committee. The Nomination Committee presents its proposals for the Annual General Meeting to the Board annually before 31 January.

The Nomination Committee has a charter approved by the General Counsel.

In 2009

The Nomination Committee appointed by the AGM in 2009 comprised four members: the Chairman of the Board (Claes Dahlbäck), the Vice Chairman of the Board (Ilkka Niemi) and two other members appointed by the two largest shareholders, namely Keijo Suila (Solidium) and Marcus Wallenberg (Foundation Asset Management).

This is a deviation from the Helsinki Stock Exchange's recommendation that a Nomination Committee should consist of Board members. Keijo Suila was elected Chairman of the Committee at its first meeting. The main tasks of the Committee were to prepare the proposals for the AGM in 2010 concerning Board members and their remuneration. The Nomination Committee appointed by the AGM in 2009 convened five times (1 October 2009 – 31 January 2010). All the members attended all of the meetings.

Remuneration

Remuneration of EUR 3 000 per annum is paid to members who are not members of the Board as decided by the AGM.

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. In addition, at least two of the directors comprising this majority shall be independent of significant shareholders of the Company. The independence is evaluated in accordance with recommendation 15 of the Code. Currently the Board has nine ordinary members, who are all independent of the Company. The Board members are also independent of significant shareholders of the Company with the exception of Claes Dahlbäck (Senior Advisor and member of the investment committee of Foundation Asset Management) and Marcus Wallenberg (member of the investment committee of Foundation Asset Management). 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.

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 GET 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 and the Remuneration 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 2009

The Board had nine members, all of them independent of the Company. The Board members are also independent of significant shareholders of the Company with the exception of Claes Dahlbäck (Senior Advisor and member of the investment committee of Foundation Asset Management) and Marcus Wallenberg (member of the investment committee of Foundation Asset Management). The Board members nominated at the AGM in 2009 were Claes Dahlbäck (Chairman), Ilkka Niemi (Vice Chairman), Gunnar Brock, Dominique Hériard Dubreuil, Birgitta Kantola, Juha Rantanen, Hans Stråberg, Matti Vuoria and Marcus Wallenberg. Jan Sjöqvist was a Board member until the AGM in 2009. Hans Stråberg was elected as a new Board member at the AGM in 2009. For detailed information about the Board members, see pages 14–15. The Board convened ten times during the year. On average, members attended 94.5% of the meetings.

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 Executive Team;
 - remuneration of the CEO;
 - appointment and dismissal of the CEO and approval of heads of Business Areas and other senior officers belonging to GET;
 - 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 and Financial and Audit Committee by the chairmen of the respective committees. The Nomination Committee'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 2009

Board member	Elected	Position	Born	Nationality	Independent of the Company	Independent of significant shareholders
Claes Dahlbäck	1998	Chairman	1947	Swedish	yes	no*
Ilkka Niemi	2005	Vice Chairman	1946	Finnish	yes	yes
Gunnar Brock	2005	Member	1950	Swedish	yes	yes
Dominique Hériard Dubreuil	2006	Member	1946	French	yes	yes
Birgitta Kantola	2005	Member	1948	Finnish	yes	yes
Juha Rantanen	2008	Member	1952	Finnish	yes	yes
Hans Stråberg	2009	Member	1957	Swedish	yes	yes
Matti Vuoria	2005	Member	1951	Finnish	yes	yes
Marcus Wallenberg	1998	Member	1956	Swedish	yes	no*
Former Board Member						
Jan Sjöqvist (until 1 April 2009)	1998	Member	1948	Swedish	yes	yes

* The Board members are independent of significant shareholders of the Company with the exception of Claes Dahlbäck (Senior Advisor and member of the investment committee of Foundation Asset Management) and Marcus Wallenberg (member of the investment committee of Foundation Asset Management). A significant shareholder is a shareholder that holds more than 10% of all Company shares or the votes carried by all the shares.

Board remuneration and committee memberships as decided by AGM in 2009¹⁾

Board share interests 31.12.2009

Board member	Board EUR	Financial and Audit Committee EUR	Remuneration Committee EUR	Shares held	
				A	R
Claes Dahlbäck	67 500 ²⁾	7 000	5 000 ²⁾	2 541	32 604
Ilkka Niemi	42 500	7 000	3 000	-	8 233
Gunnar Brock	30 000			-	9 812
Dominique Hériard Dubreuil	30 000		3 000	-	6 812
Birgitta Kantola	30 000	10 000 ²⁾		-	9 312
Juha Rantanen	30 000			-	7 312
Hans Stråberg	30 000			-	2 885
Matti Vuoria	30 000		3 000	-	14 812
Marcus Wallenberg	30 000			2 541	10 527

1) The AGM approved the initiative of the Board to reduce the annual remuneration for the Board members and for the members of the Financial and Audit Committee and the Remuneration Committee to half of the remuneration in previous years for the year 2009.

40% of the Board remuneration in 2009 was paid in Stora Enso R shares purchased from the market and distributed as follows: Chairman 6 490 R shares, Vice Chairman 4 087 R shares and members 2 885 R shares.

2) Chairman

Board remuneration

EUR	2009 ¹⁾	2008 ¹⁾	2007
Chairman	67 500 ²⁾	135 000	135 000
Vice Chairman	42 500 ²⁾	85 000	85 000
Board Member	30 000 ²⁾	60 000	60 000

1) 40% of the Board remuneration in 2009 and 2008 was paid in Stora Enso R shares purchased from the market and distributed as follows: Chairman 6 490 R shares (6 585 R shares in 2008), Vice Chairman 4 087 R shares (4 146 R shares in 2008) and members 2 885 R shares (2 927 R shares in 2008).

2) The AGM approved the initiative of the Board to reduce the annual remuneration for the Board members to half of the remuneration in previous years for the year 2009.

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 auditors 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 2009

The Financial and Audit Committee comprised three members in 2009: Birgitta Kantola (chairwoman as from AGM), Claes Dahlbäck and Ilkka Niemi. Jan Sjöqvist was the chairman of the Committee until the AGM in 2009. The Committee convened six times. On average, members attended 89% of the meetings. In addition to the regular tasks based on the Committee's charter, during 2009 the Committee focused on establishment of the enterprise risk management system.

Remuneration

Chairwoman EUR 10 000 per annum and member EUR 7 000 per annum as decided by the AGM.

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 the review and recommendation of the CEO 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 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 2009

The Remuneration Committee comprised four members in 2009. The members were Claes Dahlbäck (Chairman), Dominique Hériard Dubreuil, Ilkka Niemi and Matti Vuoria. The Committee convened six times. On average, members attended 96% of the meetings.

During 2009, 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 5 000 per annum and member EUR 3 000 per annum as decided by the AGM.

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

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. Currently, the CEO is directly in charge of the following functions, which also report to him/her:

- Business Areas (Publication Paper, Fine Paper, Packaging and Wood Products)
- CFO (responsible for IT, Accounting & Controlling, Treasury, Risk Management, Taxes, Internal Audit, Investor Relations, Corporate Finance and M&A)
- Wood Supply, HR & Sustainability
- Technology and Strategy
- Communications
- Legal Services

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

The CFO acts as deputy to the CEO as defined in the Finnish Companies Act.

Group Executive Team (GET)

The GET is chaired by the CEO. The GET members are appointed by the CEO and approved by the Board. Currently, the eight GET members are the CEO, the CFO, and the heads of the four Business Areas, Technology & Strategy, and Wood Supply, HR & Sustainability.

The GET's tasks and responsibilities are: review of key day-to-day operations and operational decisions, key leadership issues, investment proposals, planning and follow-up, control of mergers, acquisitions and divestments, preparation of strategic guidelines, sustainability policies, allocation of resources and preparatory work with regard to Board meetings.

The GET meets regularly every month, and as required.

In 2009

The GET had eight members at the end of 2009. The GET convened fifteen times during the year. Important items on the agenda in 2009 were reviewing the operations of the Group, planning and following up on investment and other strategic projects, and preparatory work for Board meetings.

Other responsibilities

The investment planning is carried out by the Business Areas and reviewed by the Investment Working Group, consisting of Group and Business Area representatives. The CEO and GET are responsible for the investment allocations and decisions, as well as proposals to the Board of Directors.

The GET is responsible for all strategic decisions relating to sustainability. Everyday sustainability issues are handled by the sustainability management team and its task forces, which include representatives from the Group Sustainability function, Stora Enso's four Business Areas, our Wood Supply organisation, and the regional organisations in Latin America and China.

The Group R&D is responsible for the Group-level R&D projects and new businesses, as well as certain services. The Business Areas have their own R&D organisations for ongoing business development and research.

The Company has established user boards for certain cross-functional service units (Wood Supply, Purchasing, Logistics and Energy). These user boards consist of representatives of the Business Areas using these services. The user boards supervise and steer the operations of the service units in question.

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

Group Executive Team (GET) remuneration and share interests

Shown in the Stora Enso Financial Performance 2009 publication in Note 23 Employee Bonus and Equity Incentive Schemes are details of total executive remuneration share and share option interests and bonus schemes for the GET with further information provided in respect of the Chief Executive Officer (CEO). The actual cash or cash equivalent received in the year is disclosed in the remuneration tables for options and share awards that vested in the year. 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 GET remuneration in 2009 amounted to EUR 5.6 (EUR 8.0) million. The number of GET members has decreased from 11 to 8 during 2009.

In accordance with their respective pension arrangements GET members may retire at sixty or sixty-five 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.

Due to the extraordinary global financial situation GET including the CEO decided to work without pay for one month during 2009, in addition the salary for the CEO remained unchanged. The ordinary annual salary review was postponed from March 1 to December 1 and the annual incentive result for performance year 2009 was decided to be paid in shares and deferred one year from March 2010 to March 2011. GET members with significant change in responsibility during 2009 received their revised salary from May 1, 2009.

Group Executive Team Remuneration

EUR thousand	Year Ended 31 December					
	2009			2008		
	CEO	Others ¹⁾	GET Total	CEO	Others	GET Total
Remuneration						
Annual salary	825	2 555	3 503	880 ²⁾	3 352	4 232
Local housing (actual costs)	123 ³⁾	47	47	94	53	147
Other benefits	16	113	129	15	135	150
Short Term Incentive Programme	- ³⁾	396	396	- ⁴⁾	664	664
Long Term Incentive Programme ⁴⁾	115	103	218	140	314	454
	1 079	3 214	4 293	1 129	4 518	5 647
Pension Costs						
Mandatory company plans	-	70	70	-	4	4
Stora Enso voluntary plans	265	923	1 188	283	2 017	2 300
	265	993	1 258	283	2 021	2 304
Total Compensation	1 344	4 207	5 551	1 412	6 539	7 951

1) In the amounts below payments related to Aulis Ansaharju, Hannu Ryöppönen and Veli-Jussi Potka are included until the individual left GET.

2) The CEO gave up his right to company paid housing in London during 2008 and received in exchange a cash allowance equivalent to the housing cost: his cash salary was EUR 834 198 before payment of the cash housing allowance.

3) CEO received a salary supplement instead of housing support equivalent to EUR 123 471.

4) The Short Term Incentive result for performance year in 2007 and 2008 (payable 2008 and 2009) were converted to Restricted Share Awards.

5) Synthetic options, performance shares and restricted shares.

Executives other than CEO

Short Term Incentive (STI) programmes for management
GET members have STI programmes with up to a maximum 40% of their annual fixed salary, payable the year after the performance period. The STI for 2009 was based to 100% on financial measures (Free Cash Flow). The payout in 2009 relating to performance year 2008 was EUR 396 000 (EUR 664 000).

Option-based programmes for management

The GET was not eligible for options in 2008 and the company did not issue any options in 2009. During the year 150 000 options relating to the 2002 Programme lapsed and no others were exercised. In 2008 no options were exercised.

Long Term Incentive (LTI) programmes for management
GET members participate in a number of share based LTI programmes. In 2007/2008 a Senior Executive section of the Performance Share program was introduced. The shares granted under this program will vest over a three year period. The performance criteria for 2009 was Economic Margin and Total Shareholder Return (TSR). The vesting under this program was zero. Under the accounting rules for share-based payments, the non-cash charge for the executive options and restricted share awards is calculated at the vesting value of shares and options granted in the year plus any fair value movement in the year on previous awards. The accounting charges will not agree to the actual cash costs on a year-to-year

basis though the totals will match when they have all been vested, cashed, expired or lapsed. The figures in the table above refer to individuals who were executives at either the time of grant or settlement.

GET received Performance Share Awards under the Performance Share 2009 plan of 245 000 shares assuming annually defined performance conditions are met. For 2009 the performance condition was 100% Group Free Cash Flow.

GET members other than the CEO were not eligible for new Restricted Share Awards in 2009. During the year the number of shares settled on executives from previous awards derived from Restricted Share Programs and Performance Share Programs amounted to 79 955 having a cash value at the 1 March 2009 settlement date of EUR 263 052 based on the share price of EUR 3.29 at that date.

For GET members the aggregated number of outstanding shares derived from previous years restricted share programmes to be settled in 2010 is 4 095. The corresponding number to be settled in 2011 is 1 350.

Chief Executive Officer – Jouko Karvinen

The CEO was employed from 1 January 2007 and took office following the 2007 Annual General Meeting on 29 March 2007, his contract was approved by the Board on his appointment. It has a notice period of 6 months with a severance payment of 12 months salary on termination by the company but with no contractual payments on any change of control. Benefits include a company car and pension provision under a company defined contribution plan that has acceptance from the UK Inland Revenue. The scheme is defined contribution - pension is defined by the contribution paid and the investment result. The company and CEO contributes to the scheme with a fixed contribution of 40 percentage of the CEO's base salary, of which the company contributes 35% of base salary and CEO contributes 5% of base salary. An additional pension contribution was made in 2007 as compensation for pension benefits lost by the CEO on leaving his former employment. The CEO retires at sixty.

Short Term Incentive (STI) programme for CEO

The CEO is entitled to a STI programme decided on by the Board each year giving a maximum 50% of annual fixed salary. The STI programme for 2009, the outcome of which will be assessed in the first quarter of 2010, was related to Group Free Cash Flow.

For the STI payable in 2009 and 2008 the CEO's STI result was converted to Restricted Share Awards of 31 386 (21 194) shares. Based on the average share price from 1 April to 7 April 2009 the value at the grant date, 30 April 2009, was EUR 93 872 (EUR 163 614). The vesting will be over a three year period from 2010 to 2012.

Option programmes for CEO

No options were awarded in 2008 or 2009. In 2007 the CEO was granted 157 646 options on joining Stora Enso with the estimated value at the grant date of 2 January 2007 as calculated by the option pricing model being EUR 365 000. During 2009 the CEO did not exercise any of these options.

Long Term Incentive (LTI) programme for CEO

The CEO received an Award under the Performance share plan 2009 of 80 000 shares with the valuation at the grant date of 27 May 2009 being EUR 400 000 based on the share price at the grant date of EUR 5.00 and assuming targets are met.

During the year the number of shares settled on the CEO from earlier awards derived from Restricted Share Programs and Performance Share Programs amounted to 35 105 (16 796) having a cash value of EUR 115 495 (EUR 140 415) at the 1 March 2009 settlement date. Based on the share price of EUR 5.00 (EUR 8.36) at that date.

The CEO did not receive any new Restricted Share Award other than the conversion of his STI payable for 2009 (described above). The aggregated number of outstanding shares derived from previous years restricted share programmes to be settled in 2010 is 18 913. The corresponding number to be settled in 2011 is 15 774.

The CEO is also eligible from 2007 to participate in the Senior Executive section of the Performance Share Plan as detailed above. Vesting period for CEO is four years (March 2008, March 2009, March 2010 and March 2011). The performance criteria for 2009 was EDITDA, Economic Margin and Total Shareholder Return (TSR).

Group Executive Team Share Interests and Options

Executives in Office at the Year End	R Shares Held ¹⁾	Synthetic Options 2003–2007	Performance Share Awards	Restricted Share Awards
Hannu Alalauri	6 738	30 000	54 875	750
Jouko Karvinen, CEO	43 833	157 646	217 812	44 102 ²⁾
Hannu Kasurinen	5 944	48 750	38 750	2 250
Mats Nordlander	5 272	30 000	76 250	0
Markus Rauramo, CFO	6 706	35 000	37 895	1 695
Bernd Rettig	9 014	102 500	80 562	0
Elisabet Salander Björklund	20 208	72 500	80 375	10 000 ³⁾
Juha Vanhainen	5 365	51 250	49 812	750
Total, Serving Officers	103 080	527 646	636 331	59 547

1) None of the GET members hold A shares

2) In exchange of STI 2007 and 2008

3) As a retention award granted 2007 to be vested in May 2010 – also included in the column for “R Shares Held”

The following Executive Officers also Served in 2009	Shares Held when GET membership ended	Synthetic Options 2003–2007	Performance Share Awards	Restricted Share Awards	Effective Date of GET membership ending
Aulis Ansaharju	4 932	41 250	28 125	750	23 April 2009
Veli-Jussi Potka	5 139	63 750	33 562	750	23 April 2009
Hannu Ryöppönen, Deputy CEO	32 574	50 000	101 250	0	1 April 2009

Other supervisory bodies and norms

Auditors

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.

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 CEO, 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.

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 Executive Team (GET) and persons responsible for Legal Services, Investor Relations, Communications and Financial Communications.

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 Business Area Management Teams, the personal assistants/secretaries to the members of the GET and Business Area Management Teams, the persons responsible for Legal Services, Investor Relations, Financial Services, Treasury, Communications and Financial Communications and Corporate Strategy. Representatives of the employees and the members of the Financial Communications, Corporate Accounting and Corporate Strategy teams are also regarded as company-specific insiders.

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. 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

In the Company, the system of internal control and risk management related to financial reporting is 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.

The system of internal control 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.

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 four Business Areas and various support and service functions. Group functions prepare and the CEO and GET 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. The management philosophy is based on principles whereby performance targets do not test an employee's ability to adhere to ethical values.

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, Business Area, 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 that help ensure management directives are carried out. They help ensure that necessary actions are taken to address risks related to the achievement of the organisation's objectives, and they are aimed at preventing, detecting and correcting errors and irregularities. Control activities, which fulfil the control objectives identified in risk assessment, occur throughout the organisation, at all levels and in all functions. Besides the general computer controls, they include a range of activities such as approvals, authorisations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

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 operations 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 Financial and Audit Committee has established a procedure 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 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*.



Board of Directors

Claes Dahlbäck

Chairman of Stora Enso's Board of Directors since December 1998. Independent of the Company*.

Born 1947. M.Sc. (Econ.), Ph.D. h.c. Swedish citizen.

Member of STORA's Board of Directors from May 1990 and Chairman of the Board from May 1997 until the merger with Enso in 1998. Chairman of Stora Enso's Remuneration Committee since 23 December 1998, and member of the Financial and Audit Committee since 22 March 2005. Member of the Nomination Committee. Senior Advisor to Investor AB and Foundation Asset Management Sweden AB. Chairman of EQT Funds. Member of the Board of Goldman Sachs & Co. President and CEO of Investor AB 1978–1999. Executive Vice Chairman of the Board of Investor AB 1999–2001 and Chairman of the Board 2002–2005. Owns 2 541 A and 32 604 R shares in Stora Enso.

Ilkka Niemi

Vice Chairman of Stora Enso's Board of Directors since March 2005. Member of the Board since March 2001. Independent of the Company and the significant shareholders.

Born 1946. M.Sc. (Econ.). Finnish citizen. Member of Stora Enso's Financial and Audit Committee since 19 March 2002, and the Remuneration Committee since 18 March 2004. Member of the Nomination Committee. Senior advisor and independent consultant on international finance. Chairman of the Board of Motiva Oy 2001–2006, and member of the Board of Aker Yards Finland Pty Ltd 2003–2008. CEO and member of the Board of the Finnish State Guarantee Board 1989–1997. Member of the Board and representative of the Nordic countries and the Baltic States at the World Bank 1997–2000. Chairman of the Finnish Accounting Standards Board 1993–1996. Owns 8 233 R shares in Stora Enso.

Gunnar Brock

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. Chairman of Mölnlycke Healthcare AB. Member of the Board of Teknikföretagen, Investor AB and SOS-Children's Villages, Sweden. Member of the Royal Swedish Academy of Engineering Sciences (IVA). President and CEO of Alfa Laval 1992–1994, President and CEO of Tetra Pak Group 1994–2000, President of Thule International 2001–2002, President and CEO of Atlas Copco Group between 2002 and May 2009. Owns 9 812 R shares in Stora Enso.

Dominique Hériard Dubreuil

Member of the Board of Directors since March 2006.

Independent of the Company and the significant shareholders.

Born 1946. B.A. (Law), M.A. (Public Relations). French citizen. Member of Stora Enso's Remuneration Committee since 21 March 2006. Chairman of the Board of Rémy Cointreau. Chairman of Vinexpo Overseas, and member of the Board of Comité Colbert, Institut National de la Recherche Agronomique (INRA), Fédération des Exportateurs de Vins et Spiritueux de France and Baccarat SA. Member of the French-China Committee. Chairman of Rémy Cointreau's Executive Board 2000–2004. Owns 6 812 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. Finnish citizen. Member of Stora Enso's Financial and Audit Committee since March 2005 and Chairman of the Committee since April 2009. Member of the Board of Nobina AB and NASDAQ OMX. Member of the Board of Varma Mutual Pension Insurance Company until 31 December 2009. 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 9 312 R shares in Stora Enso.

Top to bottom/
left to right:
Marcus Wallenberg,
Juha Rantanen,
Hans Stråberg and
Claes Dahlbäck.



Juha Rantanen

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. CEO and President of Outokumpu Group. Chairman of the Board of Fennovoima Oy, and the Association of Finnish Steel and Metal Producers. Vice Chairman of the Board of Moventas Oy, member of the Supervisory Board of Varma Mutual Pension Insurance Company, member of the Board of Technology Industries of Finland. Vice President of European Confederation of Iron and Steel Industries (Eurofer). Owns 7 312 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 the board of Roxtec, the Association of Swedish Engineering Industries, N Holding AB and the Confederation of Swedish Enterprise. President and CEO of AB Electrolux. Several management positions at Electrolux in Sweden and the USA 1983–2002. Owns 2 885 R shares in Stora Enso.

Matti Vuoria

Member of Stora Enso's Board of Directors since March 2005. Independent of the Company and the significant shareholders. Born 1951. LL.M., B.Sc. (Arts). Finnish citizen. Member of Stora Enso's Remuneration Committee since 22 March 2005. President and CEO of Varma Mutual Pension Insurance Company. Vice Chairman of the Boards of Sampo plc and Wärtsilä Oyj Abp. Executive Vice President of Varma Mutual Pension Insurance Company from January 2004 to May 2004. Executive Chairman of the Board of Fortum Corporation 1998–2003. Secretary General of the Ministry of Trade and Industry 1992–1997. Owns 14 812 R shares in Stora Enso.

Marcus Wallenberg

Member of Stora Enso's Board of Directors since December 1998. Independent of the Company*.

Born 1956. B.Sc. (Foreign Service). Swedish citizen. Vice President of Stora Feldmühle AG, a STORA subsidiary, from August 1990 to June 1993. Member of STORA's Board of Directors from March 1998 until the merger with Enso in 1998. Member of Stora Enso's Financial and Audit Committee from 29 December 2000 to 22 March 2005. Member of the Nomination Committee. Chairman of the Board of Skandinaviska Enskilda Banken AB, AB Electrolux and Saab AB, and Honorary Chairman of International Chamber of Commerce (ICC). Vice Chairman of the Board of Ericsson AB, and member of the Board of AstraZeneca PLC, the Knut and Alice Wallenberg Foundation and Temasek Holdings Limited. President and CEO of Investor AB 1999–2005 and Executive Vice President 1993–1999. Member of the Board of Skandinaviska Enskilda Banken 2002–2005 and 1995–1999, Scania AB 1994–2005, Ericsson AB 1996–1998 and Saab AB 1992–1998. Owns 2 541 A and 10 527 R shares in Stora Enso.

Jan Sjöqvist, member of Stora Enso's Board of Directors since December 1998 until his resignation on 1 April 2009. He was also Chairman of Stora Enso's Financial and Audit Committee and the Financial Expert of the Financial and Audit Committee. He was independent of the Company and the significant shareholders.

The independence is evaluated in accordance with Recommendation 15 of the Finnish Corporate Governance Code. The full recommendation can be found at the web address www.cgfinland.fi. The significant shareholder according to the Recommendation is a shareholder who holds more than 10% of all company shares or the votes carried by all the shares.

* **Claes Dahlbäck** (Senior Advisor and member of the investment committee of Foundation Asset Management) and **Marcus Wallenberg** (member of the investment committee of Foundation Asset Management) are not independent of significant shareholders of the Company.

Top to bottom/left to right: Gunnar Brock, Birgitta Kantola, Matti Vuoria, Dominique Hériard Dubreuil and Ilkka Niemi.



Group Executive Team

Jouko Karvinen

Chief Executive Officer (CEO) of Stora Enso

Born 1957 M.Sc. (Eng.). Finnish citizen. Joined Stora Enso in January 2007. President and CEO, Philips Medical Systems, USA, from June 2002 to November 2006. Appointed to the Board of Management, Royal Philips Electronics, the Netherlands, in April 2006. Before joining Philips, employed by ABB Group Limited from 1987 serving in several international positions. Head of the Automation Technology Products Division and member of the ABB Executive Committee from 2000 to 2002. Member of the Board of the Finnish Forest Industries Federation and Confederation of European Paper Industries (CEPI), member of the Election Committee of the Confederation of Finnish Industries EK, member of the Business Co-Operation Council and Co-Chairman of the Forest Industry Task Force, EU-Russia Industrialists' Round Table (IRT). Member of the Board of Directors of Stora Enso Uruguay S.A. and Veracel Celulose S.A.

Owens 43 833 R shares and has 157 646 (2003–2007) options/synthetic options in Stora Enso.

Hannu Alalauri

Executive Vice President, Fine Paper

Born 1959. M.Sc. (Chem.), eMBA. Finnish citizen. Joined the Chemical Division of Oulu Mill (former Oulu Oy) in 1985. Managing Director of Forchem Oy (Veitsiluoto Oy and UPM joint venture) 1994–1996, VP of the Varkaus Fine Paper Mill 1996–1999, SVP, Stora Enso Office Papers 1999–2000, SVP, Stora Enso Graphic Papers 2000–2004, Managing Director of Stora Enso Packaging Corrugated Business 2004–2005, SVP, HR Finland and HR Packaging Boards Division 2006–2007. EVP of Magazine Paper Business Area 2007–2009. Member of the Board of Directors of several subsidiaries and associated companies.

Owens 6 738 R shares and has 30 000 (2003–2007) options/synthetic options in Stora Enso.

Hannu Kasurinen

Executive Vice President, Wood Products

Born 1963. M.Sc. (Econ.). Finnish citizen. Joined Enso-Gutzeit Oy in 1993. VP, Funding of Enso-Gutzeit Oy 1993–1997, Finance Director of Enso Deutschland Verwaltungs GmbH 1997–1998, VP, Structured Finance and M&A 1998–1999, Managing Director of Stora Enso Financial Services S.A. and Treasurer of Stora Enso Group 1999–2003, SVP and Group Treasurer, Financial Services and Risk Management 2003–2004, SVP, Strategy and Business Development of Paper Product Area 2004–2005, SVP, Profit Improvement Programme 2005, SVP, Speciality Papers 2005–2007, SVP, Group Strategy 2007–2008. Member of the Board of Directors of several Stora Enso subsidiaries. Member of the Board of the European Organisation for the Saw Mill Industry (EOS). Owns 5 944 R shares and has 48 750 (2003–2007) options/synthetic options in Stora Enso.

Mats Nordlander

Executive Vice President, Packaging and Asia Pacific

Born 1961. Dipl.Eng. Swedish citizen. Joined the Company in 1994. General Manager, Papyrus Sweden AB 1994–1998, SVP, Marketing and Supply, Papyrus AB 1998–2002, VP, Marketing and Sales, Stora Enso Fine Paper, London 2002–2003, EVP, Merchants and President of Papyrus AB 2003–2007. EVP Consumer Board, Market Services and Asia Pacific 2007–2009. Member of the Board of Directors of several Stora Enso subsidiaries and associated companies. Chairman of the Board of Directors of Innventia, a pulp, paper and packaging R&D company. Chairman of the Board of Directors of Falu Rödfärg. Member of Swedish Industrial Board of Axcel private equity fund. Member of the Board of The Swedish Forest Industries Federation.

Owens 5 272 R shares and has 30 000 (2003–2007) options/synthetic options in Stora Enso.

Top to bottom/left to right: Jouko Karvinen, Bernd Rettig, Elisabet Salander Björklund and Hannu Alalauri.



Markus Rauramo

Chief Financial Officer (CFO) of Stora Enso

Born 1968. M.Sc. (Econ. and Pol. Hist.). Finnish citizen. Joined Enso-Gutzeit Oy in 1993. Finance Manager of Enso Oy 1995–1997, Manager, Long-Term Finance, Enso Oyj 1997–1999, Head of Funding, Stora Enso Financial Services 1999–2001, VP, Strategy and Investments 2001–2004, SVP and Group Treasurer 2004–2008. Member of the Board of Directors of Oy Proselektum AB, Tornator Oy and Bergvik Skog AB.

Owns 6 706 R shares and has 35 000 (2003–2007) options/synthetic options in Stora Enso.

Bernd Rettig

Executive Vice President, Technology & Strategy, Country Manager Germany

Born 1956. M.Sc. (Eng.). German citizen. Joined STORA in 1982. Managing Director of Stora Reisholz GmbH 1992–1996, Managing Director of Stora Enso Kabel GmbH 1996–1999, SEVP, Magazine Paper 1999–2003, SEVP, Publication Paper 2003–2007. Vice president of the German Pulp and Paper Association, Verband Deutscher Papierfabriken e.V. (VDP).

Owns 9 014 R shares and has 102 500 (2003–2007) options/synthetic options in Stora Enso.

Elisabet Salander Björklund

Executive Vice President, Wood Supply, HR, Sustainability and Latin America, Country Manager Sweden

Born 1958. M.Sc. (For.). Swedish citizen. Joined STORA in 1995. Managing Director of Stora Timber AB 1995–1999, Director, Business Unit Nordic Redwood, Stora Enso Timber 1999–2000, Director, Raw Material and Fibre Products, Stora Enso Timber 2000–2003, EVP, Stora Enso Wood Supply Europe 2003–2005. SEVP, Forest Products 2005–2007, EVP Wood Products, Pulp Supply, Wood Supply and Sustainability 2007–2008. Member of the Board of Directors of SJ AB, Clas Ohlson AB, Marcus Wallenberg Prize Foundation and The Swedish Forest Industries Federation, and member of The Royal Swedish Academy of Agriculture and

Forestry and The Royal Swedish Academy of Engineering Sciences. Member of the Board of Directors of several Stora Enso subsidiaries and associated companies.

Owns 20 208 R shares and has 72 500 (2003–2007) options/synthetic options in Stora Enso.

Juha Vanhainen

Executive Vice President, Publication Paper, Country Manager Finland

Born 1961. M.Sc. (Eng.). Finnish citizen. Joined Stora Enso Oulu in 1990. Various production and project management positions, Stora Enso, Oulu Paper Mill 1993–1998. General Manager and Mill Director, Stora Enso Fine Paper, Oulu Mill 1999–2003, SVP, Office Paper, Stora Enso Fine Paper, London, 2003–2007. EVP, Newsprint and Book Paper Business Area 2007–2009. Member of the Board of Directors of several subsidiaries and associated companies. Deputy Chairman of the Board of Directors of Pohjolan Voima Oy. Deputy Chairman of the Board of Directors of the Finnish Forest Industries Federation, Member of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company, Member of the Body of Representatives of the Confederation of Finnish Industries (EK)., Member of the Board of Efora Oy.

Owns 5 365 R shares and has 51 250 (2003–2007) options/synthetic options in Stora Enso.

Aulis Ansaharju, Executive Vice President, Fine Paper and **Veli-Jussi Potka**, Executive Vice President, Industrial Packaging and Russia, were members of the Group Executive Team until the reorganisation of the company on 23 April 2009.

Hannu Ryöppönen, Deputy CEO, responsible for Strategy, Purchasing and IT, retired on 1 April 2009.

Options/synthetic options were issued annually between 1999 and 2007. Enso-Gutzeit became Enso in May 1996. STORA and Enso merged in December 1998.

Top to bottom/left to right: Markus Rauramo, Juha Vanhainen, Mats Nordlander and Hannu Kasurinen.