



REMUNERATION POLICY

Metsä Group's remuneration principles

This Metsä Group Remuneration Policy has been approved by Metsäliitto Cooperative's Board of Directors and is prepared according to the Finnish Corporate Governance Code 2020. The Remuneration Policy includes a description of the remuneration principles applicable to the members of the parent company Metsäliitto Cooperative's Supervisory Board and Board of Directors as well as Metsä Group's President and CEO, and of the decision-making process concerning remuneration. In addition, the policy defines the conditions for temporarily deviating from the policy in exceptional circumstances.

The HR Committee of Metsäliitto Cooperative's Board of Directors monitors and assesses the policy's application and the implementation of the remuneration systems based on the policy. When necessary, the committee also makes proposals to the Board of Directors to up-date the policy.

This Remuneration Policy is available on the company's website at: <https://www.metsagroup.com/investors/corporate-governance/remuneration/>

Metsä Group's remuneration is based on the following main principles which are applicable to all statutory governing bodies of Group companies as well as those employed by Metsä Group:

Ensuring sustainable and responsible business operations

Our remuneration supports the achievement of Metsä Group's vision, strategic and operational goals as well as the goals of sustainable development. We encourage activities in line with our values and Metsä Group's interests – responsible profitability, reliability, renewal and cooperation.

Ensuring performance and profitable growth

With remuneration, we encourage excellent performance and results in both the short and long term. We remunerate our people for achieving and exceeding targets and for profitable growth and the increase of shareholder and stakeholder value.

Supporting competence development and renewal

With remuneration we support competence development and the commitment of talent. We encourage continuous improvement, renewal and the creation of conditions needed for future success. In addition to monetary remuneration, we develop personnel's competencies and offer opportunities for career development. Our leadership is of a high quality and we encourage the personnel's participation.

Consistency, competitiveness and transparency

The remuneration is fair and based on clear principles and structures. We offer competitive overall remuneration. We communicate and report on remuneration transparently and according to requirements.

Decision-making process concerning remuneration

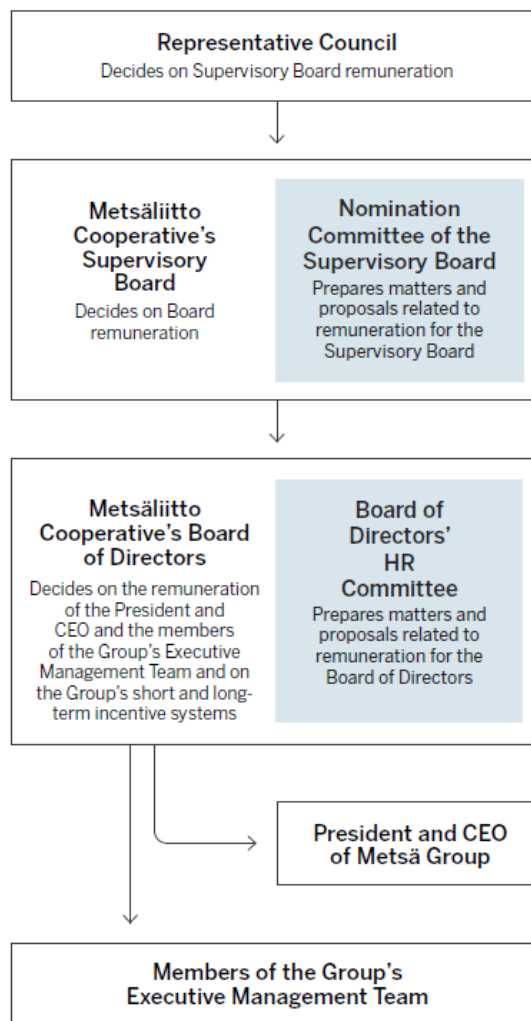
Supervisory Board and Board of Directors

Decisions on the remuneration of the Supervisory Board of Metsä Group's parent company, Metsäliitto Cooperative, are made by the Representative Council. Decisions on the remuneration of the members of Metsäliitto Cooperative's Board of Directors are made by the Supervisory Board on the basis of a proposal made by the Supervisory Board's Nomination Committee.

President and CEO and members of the Group's Executive Management Team

Metsäliitto Cooperative has a CEO, who also acts as the President and CEO of Metsä Group, unless otherwise decided by the Board of Directors. The President and CEO manages the operations of the entire Metsä Group. The Board of Directors decides on the remuneration and other financial benefits of the Group's President and CEO and the members of the Group's Executive Management Team employed by Metsäliitto Cooperative, as well as on the principles of the short and long-term incentive systems on the basis of the HR Committee's preparation.

All Metsä Group companies comply with the same remuneration principles, and the remuneration criteria are approved by the Board of Directors of each subsidiary. The decision-making process guarantees that the decisions are made fairly and impartially. The following graph presents a general description of the decision-making process.



Description of the remuneration

Supervisory Board and Board of Directors

Pursuant to a decision of the Representative Council, the Chairman and Deputy Chairman of the Supervisory Board are paid fixed monthly remuneration and meeting fees. Other members of the Supervisory Board are paid meeting fees. Meeting fees are also paid for the meetings of the Supervisory Board's committees. The members of the Supervisory Board are furthermore entitled to travel allowance pursuant to Metsä Group's travel policy. The remuneration paid to the Chairman and Deputy Chairman of the Supervisory Board accumulate pension benefits.

Pursuant to the Supervisory Board's decision, each member of the Board of Directors is paid fixed monthly remuneration and meeting fees. Meeting fees are also paid for the meetings of the Board of Directors' committees. In addition, the Chairmen of the Board of Directors' Audit Committee and HR Committee are paid separate monthly compensation. The members of the Board of Directors are entitled to travel allowance pursuant to Metsä Group's travel policy. The remuneration paid for Board work accumulates pension benefits. The members of the Board of Directors cannot participate in Metsä Group's short or long-term incentive systems.

President and CEO

The Board of Directors appoints and discharges the President and CEO and decides on the President and CEO's remuneration and the other terms and conditions of the President and CEO's engagement. By decision of the Board of Directors, the President and CEO is paid a fixed base salary, which is a compensation for the President and CEO's responsibilities and is based on the requirements of the position, the President and CEO's individual's competence and performance as well as prevailing market practice. In addition to the statutory employment pension benefits the President and CEO may be entitled to a supplementary pension insurance, whether a defined benefit or a defined contribution. The Board of Directors decides on the President and CEO's participation in Metsä Group's short and long-term incentive systems, the terms and conditions thereof and on the maximum rewards.

Summary on the remuneration of Metsä Group's President and CEO

Remuneration element	Purpose	Description and bases of determination
Basic salary	To compensate for the requirements of the position, President and CEO's individual competence and performance as well as prevailing market practice	A fixed monthly salary which may include a company housing and company car benefit and other minor fringe benefits.
Supplementary pension	To offer a pension benefit supplementing statutory pensions	The President and CEO's retirement age may be lower than the retirement age pursuant to the Employees Pensions Act. The President and CEO may be entitled to a supplementary pension insurance, whether a defined benefit or a defined contribution.
Short-term incentive systems	To support the implementation of Group's strategy and annual targets as well as to remunerate for good performance and for achieving organisational and individual targets	The performance period of the short-term incentive system is principally one year. The reward cannot exceed the President and CEO's annual base salary. The Board of Directors decides annually on the targets and performance indicators of the President and CEO's incentive system. The rewards can be based on the achievement of Group's financial targets and other targets supporting strategy implementation. The rewards are approved by Metsäliitto Cooperative's Board of Directors.
Long-term incentive systems	To align the objectives of the shareholders and the executives in order to increase the value of the Group in the long term, to commit the executives to perform the Group's strategy, and to offer the executives a competitive reward plan	The performance period of the long-term incentive system is principally four years including the performance and the restriction periods. The reward cannot exceed the President and CEO's annual base salary multiplied by three and half. At the beginning of each performance period the Board of Directors decides on the targets and performance indicators of the incentive system. The rewards can be based on the achievement of Group's financial and other strategic targets. The rewards are approved by Metsäliitto Cooperative's Board of Directors.
Special rewards	To enable remuneration in special situations	Special rewards may involve for example the recruitment of a new President and CEO or corporate arrangements. Special rewards must be in accordance with this Remuneration Policy in terms of their value, time frame and performance requirements, and they must be approved by the Board of Directors.
Insurances	To offer insurance coverage in line with market practice	The President and CEO may have insurance benefits in line with market practice.
Terms and conditions of service contract	To ensure clear contractual terms and conditions	The service terms and conditions are specified in a written President and CEO contract and are confirmed by the Board of Directors. The term of notice pursuant to the contract is primarily up to 12 months. When the service contract is terminated by the company, the President and CEO is entitled to severance pay corresponding to a maximum of President and CEO's 12 month salary. No severance compensation is paid if the contract is terminated by the President and CEO.
The company's rights and clawback terms	To ensure the rewards are based on achievements and results	The Board of Directors may in its discretion amend present targets during a particular period for a justified reason. The Board of Directors also has the right to postpone or cancel payments related to the short and long-term incentive systems or apply clawback terms in exceptional circumstances, such as a result of misconduct or faulty reporting of financial results.

Principles concerning temporary deviation from policy

The Remuneration Policy may temporarily be deviated from in exceptional circumstances where the operating conditions of a Group company change due to corporate arrangements or regulatory changes and the prevailing remuneration policy is no longer deemed appropriate in such changed circumstances. Any deviation must be necessary to safeguard Metsä Group's long-term interests such as Metsä Group's long-term financial success, viability, competitiveness or the development of its shareholder value.

The deviation may apply to a part of the Remuneration Policy or to all of it, depending on the exceptional circumstances. In the parent company Metsäliitto Cooperative, any deviation from the Remuneration Policy is decided by the Board of Directors based on the proposal of the HR Committee. Any deviation is reported in the Remuneration Report to be published for the relevant financial period. If a deviation from the Remuneration Policy continues other than temporarily, the Remuneration Policy shall be updated to accommodate the new situation.