

Metsä Board
Remuneration Report 2023



Review by the Chair of the Nomination and HR Committee



■ Dear shareholder,

Metsä Board Corporation's Annual General Meeting gave on 11 June 2020 advisory approval for the remuneration policy concerning the remuneration of the company's Board of Directors and CEO. No changes have been made since to the policy, and the remuneration policy of governing bodies to be considered at the Annual General Meeting 2024 does not contain amendments to the policy in force. The report describes how the remuneration policy has been complied with, and how members of the Board of Directors and the CEO were remunerated in the financial period 2023. The policy's principles apply also to the remuneration of Metsä Board's entire personnel.

The Board of Directors' Nomination and HR Committee actively monitors the development of remuneration, as well as new regulatory initiatives, and proposes changes to the remuneration policy and remuneration practices to the Board when necessary. Remuneration must be in line with Metsä Board's remuneration principles. In 2023, the Nomination and HR Committee continued to focus on the visible role of sustainability targets in remuneration target setting. Setting sustainability targets as part of the annual targets promotes the continuous assessment and improvement of sustainability in our operations.

This remuneration report is based on the recommendations in the Corporate Governance Code 2020 published by the Securities Market Association and on the requirements of the Securities Market Act and the Limited Liability Companies Act. The report describes how the remuneration policy has been complied with, and how members of the company's Board of Directors and the CEO were remunerated in the 2023 financial period. Metsä Board's remuneration policy was complied with throughout the financial year, and the policy was not deviated from in any respect.

We have aimed to provide an illustrative and transparent summary of the remuneration of the company's statutory governing bodies. The remuneration report enables the company's shareholders and other stakeholders to evaluate the success of the company and its remuneration.

The remuneration policy, remuneration report and further information about the management's and personnel's remuneration are available on the company's website and in the financial statements.

Ilkka Hämälä

Chair of the Nomination and HR Committee of Metsä Board Corporation's Board of Directors

Introduction

Metsä Board’s remuneration aims to fairly support profitable growth and the increase of shareholder value in line with the company’s values and interests. The key objective is to enable the achievement of the company’s vision, as well as its strategic and operational targets. We aim to motivate excellent performance both in the short-term and long-term.

At Metsä Board, remuneration is based on the following principles:

- **Ensuring sustainable and responsible business operations**

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

- **Ensuring performance and profitable growth**

With remuneration, we encourage excellent performance and results in both 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.

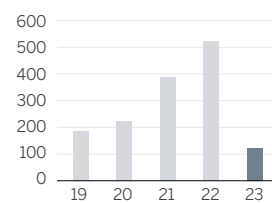
- **Consistency, competitiveness and transparency**

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.

■ The company’s financial development

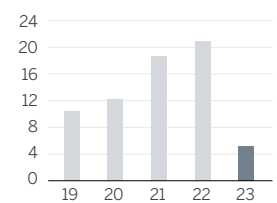
OPERATING RESULT, COMPARABLE

EUR million



RETURN ON CAPITAL EMPLOYED, COMPARABLE

%



■ Short-term and long-term incentive systems

Metsä Board has a short-term incentive system with a review period of one calendar year. In addition, Metsä Board has a long-term share-based incentive system with a performance period of three years and a restriction period of approximately two years. The targets of the long-term incentive system, tied to the return on capital employed, operating result, and equity ratio, affect the long-term development of shareholder value. The Board of Directors has steered the company’s operations in the short- and long-term with the support of the incentive systems. Metsä Board’s financial result has a direct impact on the remuneration of the CEO through both the short- and long-term incentive systems.

■ Development of remuneration in 2019–2023

No changes were made to the remuneration paid to Board members in 2019–2021. In 2022, the Annual General Meeting 2022 decided to increase the annual remuneration paid to Board members. The annual remuneration paid to the Chair and to the Vice Chair of the Board of Directors is EUR 99,000 and EUR 85,000 respectively. The annual remuneration paid to other members of the Board of Directors is EUR 67,000. The 2022 Annual General Meeting also decided to keep meeting fees at

EUR 800. The Annual General Meeting 2023 decided to keep the fees unchanged. The CEO's base salary has been increased by around seven per cent over a five-year period.

The development of the gross earnings has been influenced particularly by the company's success and thereby by the number of the company's B series shares earned in the long-term incentive system. The development of employees' average earnings has been moderate.

DEVELOPMENT OF THE BOARD OF DIRECTORS' REMUNERATION, THE REMUNERATION OF THE CEO, AND THE AVERAGE EARNINGS OF EMPLOYEES (IN EUROS)

	2023	2022	2021	2020	2019
Chair of the Board of Directors Ilkka Hämmälä as of 27 March 2018	111,800	113,400	108,600	108,300	105,500
Vice Chair of the Board of Directors Jussi Linnaranta as of 11 June 2020 Martti Asunta until 11 June 2020	97,800	99,400	93,600	94,700	90,500
Other members of the Board of Directors (average)	80,200	82,329	75,986	75,900	73,400
CEO¹⁾ Mika Joukio as of 1 October 2014	2,268,101	1,817,130	1,558,658	1,148,937	1,333,824
Average earnings of employees²⁾	52,221	59,564	56,941	50,695	51,418

¹⁾ The figures shown in the table do not include paid supplementary pension insurance premiums.

²⁾ The average earnings of employees have been calculated from the employee costs of Metsä Board Group in its entirety by deducting social security costs from the total and dividing the remainder by the average number of employees.

Remuneration paid to the Board of Directors

REMUNERATION PAID TO THE BOARD OF DIRECTORS AND THE COSTS OF THE BOARD MEMBERS' PENSION ARRANGEMENTS IN 2023 (IN EUROS)

	Annual remuneration ¹⁾	Board meeting fees	Committee meeting fees	Pension insurance contribution (TyEL) ²⁾	Total
Ilkka Härmälä , Chair	99,000	10,400	2,400	18,794	130,594
Jussi Linnaranta , Vice Chair	85,000	10,400	2,400	17,907	115,707
Hannu Anttila	67,000	10,400	3,200	1,025	81,625
Raija-Leena Hankonen-Nybo ³⁾	67,000	10,400	3,200	15,454	96,054
Erja Hyrsky	67,000	10,400	2,400	14,611	94,411
Mari Kiviniemi	67,000	10,400	3,200	13,549	94,149
Jukka Moisio	67,000	10,400	1,600	13,280	92,280
Mikko Mäkimattila , as of 23 March 2023	67,000	6,400	800	13,586	87,786
Juha Vanhainen , as of 23 March 2023	67,000	6,400	2,400	12,742	88,542
Yhteensä	653,000	85,600	21,600	120,949	881,149
Former members of the Board of Directors					
Timo Saukkonen , until 23 March 2023	5,600	4,000	1,600	941	12,141
Veli Sundbäck , until 23 March 2023	5,600	4,000	1,600	-	11,200
Yhteensä	11,200	8,000	3,200	941	23,341

¹⁾ Approximately half the remuneration has been paid as the company's B series shares, and approximately half in cash. The cash portion has covered the taxes to be charged from the remuneration. The figures shown in the table do not include the portion of transfer tax paid by the company.

²⁾ Members of the Board are voluntary covered by a TyEL pension (the Finnish employee's statutory pension system) insurance until they reach the required upper age limit.

³⁾ The Chair of the Audit Committee has also been paid a monthly remuneration of EUR 900 every month.

SHARES ¹⁾ DELIVERED TO THE BOARD OF DIRECTORS IN 2023

Member of the Board of Directors	Number of shares delivered
Ilkka Härmälä , Chair	7,465
Jussi Linnaranta , Vice Chair	6,410
Hannu Anttila	5,052
Raija-Leena Hankonen-Nybo	5,052
Erja Hyrsky	5,052
Mari Kiviniemi	5,052
Mikko Mäkimattila	5,052
Juha Vanhainen	5,052
Jukka Moisio	5,052
Total	49,239

¹⁾ B shares acquired from public trading on 28 April 2023

Remuneration of the CEO

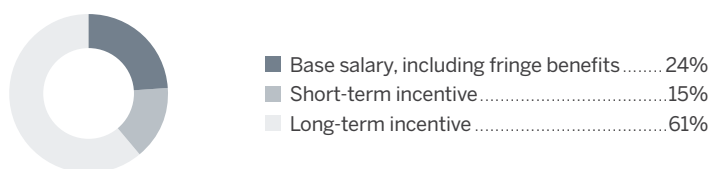
THE SALARIES AND FEES AND THE COST OF THE SUPPLEMENTARY PENSION ARRANGEMENT PAID TO THE CEO IN 2023 (IN EUROS)

	2023
Base salary, including fringe benefits ¹⁾	545,164
Short-term incentive ²⁾	331,049
Long-term incentive ³⁾	1,391,888
Total	2,268,101
Supplementary defined benefit pension arrangement	520,027

- ¹⁾ The base salary includes a company car and phone benefit, as well as extended health, travel and accident insurance coverage.
²⁾ The short-term incentive paid concerns performance in 2022.
³⁾ The long-term incentive paid concerns the 2020–2022 performance period.

The short-term incentive paid to the CEO was based on performance in 2022. The maximum level of remuneration available in the short-term incentive system in 2022 was 75% of the fixed annual base salary, accounting for Metsä Group's EBIT multiplier. The reward was based on Metsä Board's operating result (weighting 50%) and the strategic targets defined by the Board of Directors (weighting 50%), as well as the realisation of Metsä Group's EBIT multiplier. The CEO's short-term incentive for 2022 was 15% of the overall remuneration paid in 2023, accounting for Metsä Group's EBIT multiplier. The incentive was paid in March 2023. The 2023 short-term incentive system was based on the same principles as that of 2022. The reward for 2023 will be paid in March 2024.

THE DIVISION OF THE CEO'S REMUNERATION INTO A FIXED BASE SALARY, SHORT-TERM INCENTIVE AND LONG-TERM INCENTIVE IN 2023



LONG-TERM INCENTIVE SYSTEM

Performance period	2020–2022
Performance criteria	ROCE ¹⁾
Realisation of performance period, %	100
Year of reward payment	2023
Restriction period	2 years
Share price on the date of transfer, EUR	8.26
Number of shares delivered	84,576

- ¹⁾ Metsä Board's and Metsä Group's three-year average return on capital employed. Furthermore, minimum values have been set for the equity ratio and operating result.

In 2019, Metsä Board's Board of Directors decided on a long-term performance-based incentive system for 2020–2024. The system comprises three three-year performance periods. The CEO's reward can be no more than 210% of the CEO's fixed annual base salary (a cut-off level 270% of fixed annual base salary). The payment of the reward is followed by a restriction period of approximately two years, during which the CEO cannot transfer or dispose of the shares. The reward is based on the development of Metsä Board Group's (50%) and Metsä Group's (50%) return on capital employed (ROCE, %) as determined by the Board of Directors. Minimum levels have also been set for the operating result and equity ratio.

The reward paid from the long-term incentive system in 2023 concerned the 2020–2022 performance period of the 2020–2024 performance share plan. The realisation of the performance period 2020–2022 was 100%. The realisation of the long-term incentive was 61% of the CEO's total remuneration in 2023. The reward for the 2021–2023 performance period will be paid in March 2024.

In 2022, Metsä Board's Board of Directors decided on a new long-term performance-based incentive system for 2023–2027. The plan comprises three three-year performance periods. Each performance period will be followed by a restriction period of approximately two years. The amount of the reward has been limited. The CEO's reward can be no more than 210% of the CEO's fixed annual base salary (a cut-off level 270% of fixed

annual base salary). The reward is based on the development of Metsä Board Group's (50%) and Metsä Group's (50%) return on capital employed (ROCE, %) as determined by the Board of Directors. Minimum levels have also been set for the operating result and equity ratio.

The variable pay (short- and long-term incentives) form a significant portion of the CEO's remuneration. The relative portions of variable pay and the fixed annual base salary are shown in the graph on page 6.

■ The cost of the CEO's supplementary pension arrangement in 2023

The CEO is covered by the supplementary defined benefit pension arrangement, according to which the CEO is entitled to retire at the age of 62. In 2023, the contribution to the supplementary defined-benefit pension arrangement was EUR 520,027. No other financial benefits were paid to the CEO in 2023.



**Together we make
the perfect package**

METSÄ BOARD CORPORATION

P.O. Box 20
FI-02021 Metsä, Finland
Visiting address: Revontulenpuisto 2 A
02100 Espoo, Finland
Tel. +358 10 4611
metsagroup.com/metsaboard

