

SALARY AND REMUNERATION REPORT

This salary and remuneration report of Metsä Group has been issued pursuant to Recommendation 47 of the Finnish Corporate Governance Code of 15 June 2010 and it was published on Metsä Group's website on 1 April 2014. In accordance with the Group's practice the salary and remuneration report is updated two (2) times every calendar year and always in March–April in connection with the Corporate Governance Statement.

FEES OF THE SUPERVISORY BOARD AND THE BOARD OF DIRECTORS METSÄLIITTO COOPERATIVE'S SUPERVISORY BOARD

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. The other members only receive meeting fees. The members are entitled to travel compensation according to Metsä Group's travel rules.

The Annual General Meeting of the Representative Council in the spring 2013 decided to keep the remuneration of the Supervisory Board members unchanged in 2013. In 2013, the monthly remuneration of the Chairman of the Supervisory Board was EUR 3,400 and the meeting fee EUR 600 per meeting. The Chairman was paid a total of EUR 56,400 (EUR 57,000 in 2012) in salaries and meeting fees. The monthly remuneration of the Deputy Chairman of the Supervisory Board was EUR 1,500 and the meeting fee EUR 600 per meeting in 2013. The Deputy Chairman was paid a total of EUR 24,000 (EUR 22,800 in 2012) in salaries and meeting fees. The other members were paid EUR 600 per meeting, totalling EUR 98,400 (EUR 91,200 in 2012). Members of the Supervisory Board were paid a total of EUR 178,800 (EUR 171,000 in 2012) in salaries and fees in 2013.

METSÄLIITTO COOPERATIVE'S BOARD OF DIRECTORS

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 committee meetings. The members are entitled to travel compensation according to Metsä Group's travel rules.

The meeting of the Supervisory Board decided in November 2012 to keep the remuneration of the members of the Board of Directors unchanged in 2013. In 2012, the monthly remuneration of the Chairman of the Board of Directors was EUR 5,800 and the meeting fee EUR 600 per meeting. The Chairman was paid a total of EUR 83,640 (EUR 86,640 in 2012) in salaries and meeting fees. The monthly remuneration of the other members was EUR 3,200 and the meeting fee EUR 600 per meeting in 2013. The other members were paid a total of EUR 332,700 (EUR 343,800 in 2012) in salaries and meeting fees. The President and CEO is not paid a salary or remuneration for duties in the Board of Directors. Members of the Board of Directors were paid a total of EUR 416,340 (EUR 430,440 in 2012) in salaries and fees in 2013. The fees referred to above accumulate pension benefits.

REWARDS SYSTEM FOR ACTING MANAGEMENT

The purpose of the reward system for Metsä Group's acting management is to reward the management in a just and competitive manner for the performance of Metsä Group and realising the strategy and development of the business operations. The Board of Directors of Metsäliitto Cooperative decides on the remuneration and other financial benefits of the Group President and CEO and members of the Group's Executive Management Team employed by Metsäliitto Cooperative, and the principles of the profit pay system based on the preparation of the Compensation Committee. All Metsä Group companies comply with the same reward principles, but the remuneration criteria are separately decided on by each subsidiary's Board of Directors.

The reward system comprises a fixed monthly salary, a bonus determined on the basis of the task's effect on earnings, the management's pension benefits and a share compensation system.

SHORT-TERM INCENTIVES SALARY AND SEVERANCE PAY OF THE PRESIDENT AND CEO

The CEO's monthly salary, with fringe benefits, is EUR 86,350.62. The monthly salary includes housing, a car, chauffeur and other minor benefits.

Pursuant to the President and CEO's contract, the Board of Directors may decide that the President and CEO receives a bonus based on the profit, cash flow and personal performance, corresponding to six (6) months' salary.

The companies in Metsä Group paid the President and CEO a total of EUR 1,647,443.60 (EUR 1,362,171 in 2012) in salaries, fees and other benefits in 2013. The salary with fringe benefits paid by Metsäliitto Cooperative amounted to EUR 1,081,540.72 (EUR 1,054,878 in 2012), and the bonus and share reward to EUR 453,790.89 (EUR 196,766 in 2012) in 2013. The other Group companies paid the President and CEO a total of EUR 112,111.99 (EUR 110,527 in 2012) in salaries, fees and other benefits.

The term of notice of the President and CEO is six (6) months. When the contract of the President and CEO is terminated by the Board, the President and CEO is entitled to severance pay corresponding to 24 months' total salary. No severance compensation is paid if the contract is terminated by the President and CEO.

SALARIES AND FEES OF OTHER MANAGEMENT

The maximum bonus paid to members of the Group Executive Management Team employed by Metsäliitto Cooperative can vary, according to the task's effect on earnings, between the amounts corresponding to the 0–6 months' wages for that person. The criteria of the profit pay system are the earnings requirements of the Group level and of one's own area of responsibility.

The companies in Metsä Group paid members of the Executive Management Team (excluding the President and CEO) a total of EUR 3,292,98.78 (EUR 2,904,262 in 2012) in salaries and fees in 2013.



LONG-TERM INCENTIVES

SHARE OWNERSHIP SYSTEM FOR THE EXECUTIVE MANAGEMENT TEAM

Some of the members of the Metsä Group Executive Management Team established a company named Metsäliitto Management Oy in 2010. Mika Joukio from the Group Executive Management Team is not a participant in Metsäliitto Management. Through the company, the management has invested EUR 3,850,000 of their own funds in Metsä Board Corporation's B shares. The investment by President and CEO Kari Jordan amounted to EUR 1,000,000. In addition, some of the investments of the company in Metsä Board's B shares have been financed by a loan of EUR 15,400,000 granted by Metsäliitto Cooperative. The management themselves shoulder the ownership risk for the investment they make in the system. The purpose of the system is to encourage members of the Executive Management Team to acquire and own Metsä Board's B shares and, through this, to increase the shareholder value of Metsä Group in the long term and support the achievement of the Group's strategic objectives.

The loan granted by Metsäliitto Cooperative will be repaid in its entirety by 31 March 2014. If the validity of the system is continued one (1) year at a time in 2013, 2014, 2015 or 2016, the loan period will be extended correspondingly. Metsäliitto Management has the right to repay the loan prematurely at any time. Metsäliitto Management is obligated to repay the loan prematurely by selling the Metsä Board shares it holds if the stock exchange price of Metsä Board's B share exceeds a certain level defined in the system for an extended period of time.

The system will remain in force until the end of 2013 and beginning of 2014, at which time the intention is to dismantle the system in a manner to be decided later. The system will be extended one (1) year at a time if, in October–November 2013, 2014, 2015 or 2016, the stock exchange price of Metsä Board's B shares is lower than the average price at which Metsäliitto Management acquired the Metsä Board's B shares it owns. The assignment of Metsä Board's B shares owned

by Metsäliitto Management is restricted during the validity of the system. As a rule, the ownership of members of the Executive Management in Metsäliitto Management will remain in force until the dismantling of the system. If a member of the Executive Management Team resigns before the dismantling of the system, he/she is repaid the funds invested, but not any increase in value. If the system shows a loss, a resigning member of the Executive Management Team only receives a calculated share of the capital.

A total of 6,790,887 of Metsä Board's B shares have been acquired through Metsäliitto Management, of which the President and CEO indirectly owns 1,763,867 shares and the other members of the Executive Management Team indirectly own 5,027,020 shares.

Since the price of Metsä Board's B shares exceeded the average price of Metsä Board Corporation shares acquired for the system at the end of 2013, the system was dismantled in February 2014. At the time of dismantling the system, President and CEO Kari Jordan was entitled to a share of the net assets of Metsäliitto Management Oy in proportion to his shareholding, totalling EUR 1,138,340.

SHARE-BASED INCENTIVE SCHEME FOR EXECUTIVES

Share-based incentive scheme for 2011–2015: The Board of Directors of Metsäliitto Cooperative decided in December 2010 on a share-based incentive scheme for Metsä Group's executives for the years 2011–2015. The arrangement offers the target group an opportunity to receive Metsä Board Corporation's B Series shares in three (3) earning periods of three calendar years each for achieving the targets set for the periods' earning criteria. The earning periods are calendar years 2011–2013, 2012–2014 and 2013–2015.

The Board of Directors of Metsäliitto Cooperative shall determine the executives who belong to the target group and their maximum rewards at the beginning of each three-year earning period. The maximum reward is expressed as a number of shares. Attaining the targets established for an earning period determines the proportion of the maximum reward

that shall be paid to the executives. Any reward will be paid partially in Metsä Board Corporation shares and partially in cash. The amount paid in cash covers the taxes and tax-like charges resulting from the reward. The reward will not be paid if the person's employment has terminated before the payment of the reward. The shares cannot be transferred during a commitment period of two (2) years. The possible reward from each earning period (2011–2013, 2012–2014 and 2013–2015) is based on the development of Metsä Group's equity ratio, return on capital employed (ROCE), and earnings before interest and taxes (EBIT).

The reward from the 2011–2013 earning period will be paid to 51 persons, and it equates in value to approximately 1.98 million Metsä Board B shares, including the portion payable in cash. President and CEO Kari Jordan's share of the reward equals the value of approximately 0.3 million shares. Any rewards from the 2012–2014 and 2013–2015 earning periods equate to a maximum total of approximately 4.1–4.5 million Metsä Board B shares, including the portion payable in cash.

Share-based incentive scheme for 2014–2018:

The Board of Directors of Metsäliitto Cooperative decided in February 2014 to extend the share-based incentive scheme for Metsä Group's executives for the years 2014–2018. The share-based incentive scheme has three 3-year earning periods: the calendar years 2014–2016, 2015–2017 and 2016–2018.

The Board of Directors of Metsäliitto Cooperative shall determine the executives who belong to the target group and their maximum rewards at the beginning of every three-year earning period. The maximum reward is expressed as a number of shares. Attaining the targets established for an earning period determines the proportion of the maximum reward that shall be paid to the executives. Any reward will be paid partially in Metsä Board Corporation's shares and partially in cash. The amount paid in cash covers the taxes and tax-like charges resulting from the reward. Each earning period will be followed by a subsequent two-year commitment period during



which the participant is not entitled to transfer or dispose of the shares. If the executive's employment contract is terminated or cancelled by the Group company or the executive during the commitment period, the executive shall return the shares received as reward without consideration.

The potential reward from the plan for the earning period 2014–2016 will be based on Metsä Group's equity ratio and the development of return on capital employed (ROCE) and earnings before interest and taxes (EBIT). The reward from the earning period in question equates in value to the maximum of altogether approximately 4.6 million Metsä Board B shares, including the portion payable in cash. At the beginning of the earning period, the scheme covers 55 persons, including all members of Metsä Group's Executive Management Team.

MANAGEMENT PENSION ARRANGEMENTS

Members of Metsä Group's Executive Management Team fall within the scope of the Finnish Employees' Pensions Act. It provides pension security based on the period of service and earned income as provided in the Act. In the Finnish earnings-related pension system, basic salary, remuneration and taxable fringe benefits are included in earned income, but not income from options and share-based incentive systems for management.

PENSION ARRANGEMENTS OF THE PRESIDENT AND CEO

The President and CEO has a separate pension agreement with a retirement age of 60, as a rule. The President and CEO's maximum level of pension is 60 per cent of the total salary under the Employees' Pensions Act, calculated on the basis of the five-year period preceding retirement. In 2013, the annual contri-

bution of the President and CEO's defined benefit pension plan was 66 per cent (76 per cent in 2012) of the total salary and remuneration paid by Metsä Group companies to the President and CEO. If the contract of the President and CEO should terminate before retirement age, he/she is entitled to a paid-up policy.

MANAGEMENT PENSION ARRANGEMENTS

The members of the Metsä Group's Executive Management Team have a separate defined benefit pension agreement with a retirement age of 62. The level of pension is a maximum of 60 per cent of the total salary under the Employees' Pensions Act, calculated on the basis of the five-year period preceding retirement. If the employment relationship with Metsä Group ends before retirement age, a member of the Executive Management Team is entitled to a paid-up policy.

