

SALARY AND REMUNERATION REPORT 2014

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 in March 2015. In accordance with the Group's practice the salary and remuneration report is updated preliminary 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 receive only 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 2014 decided to keep the remuneration of the Supervisory Board members unchanged in 2014. In 2014, 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 57,300 (EUR 56,400 in 2013) 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 2014. The Deputy Chairman was paid a total of EUR 24,900 (EUR 24,000 in 2013) in salaries and meeting fees. The other members were paid EUR 600 per meeting, totalling EUR 116,000 (EUR 98,400 in 2013). Members of the Supervisory Board were paid a total of EUR 198,300 (EUR 178,800 in 2013) in salaries and fees in 2014.

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 paid also for committee meetings. Furthermore, pursuant to the

Supervisory Board's decision in November 2013, the chairman of the Audit Committee is entitled to a separate monthly remuneration of EUR 1,200. The members of the Board are entitled to travel compensation according to Metsä Group's travel rules.

The meeting of the Supervisory Board decided in November 2013 to keep the remuneration of the members of the Board of Directors unchanged in 2014. In 2014, 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 86,640 (EUR 83,640 in 2013) 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 2014. The other members were paid a total of EUR 355,800 (EUR 332,700 in 2013) 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 442,440 (EUR 416,340 in 2013) in salaries and fees in 2014. The above-mentioned fees paid for Board duties 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 and the principles of the profit pay system of the Group President and CEO and members of the Group's Executive Management Team. 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

In December 2014, the President and CEO's monthly salary with fringe benefits was EUR 87,400.26 (EUR 86,350.62 in 2013). 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 nine (9) months' salary.

The companies in Metsä Group paid the President and CEO a total of EUR 2,638,103.34 (EUR 1,647,443.60 in 2013) in salaries, fees and other benefits in 2014. The salary with fringe benefits paid by Metsäliitto Cooperative amounted to EUR 1,098,222.70 (EUR 1,081,540 in 2013), and the bonus and share reward to EUR 1,427,368.69 (EUR 453,790.89 in 2013). The other Group companies paid the President and CEO a total of EUR 112,511.95 (EUR 112,111.99 in 2013) 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, corresponding up to the seven (7) months' wages for that person. The criteria of the bonus system are the performance targets 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 5,153,958.26 (EUR 3,292,98.78 in 2013) in salaries and fees in 2014.

LONG-TERM INCENTIVES

SHARE OWNERSHIP SYSTEM FOR THE EXECUTIVE MANAGEMENT TEAM

The members of the Metsä Group Executive Management Team except for Mika Joukio established a company named Metsäliitto Management Oy in 2010. Through the company, the management 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 had been financed by a loan of EUR 15,400,000 granted by Metsäliitto Cooperative. The management themselves shouldered the ownership risk for the investment they had in the system. The purpose of the system was 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.

A total of 6,790,887 of Metsä Board's B shares were acquired through Metsäliitto Management, of which the President and CEO indirectly owned 1,763,867 shares and the other members of the Executive Management Team indirectly owned 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 as stated in its rules in February 2014. The Executive Management Team members who had participated in the system were entitled to a share in proportion to their shareholding. President and CEO's share of the net assets of Metsäliitto Management Oy totalled 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 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 determines the executives who belong to the target group and their maximum rewards at the beginning of each three-year earning period. The maximum reward for the earning period 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. The possible 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 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 was paid in March 2014 to 51 persons, including all Executive Management Team members, and equating in value to approximately 1.8 million Metsä Board B shares, including also the portion payable in cash. President and CEO Kari Jordan's share of the reward equalled the value of approximately 0.3 million shares.

The reward from the 2012–2014 earning period was paid in February 2015 to 54 persons including all Executive Management Team members and equating to a maximum total of approximately 1.9 million Metsä Board B shares, including the portion payable in cash. President and CEO Kari Jordan's share of the reward equalled the value of approximately 0.3 million shares.

The possible reward from the 2013–2015 earning period equate to a maximum of approximately 4.2 million shares including the portion payable in cash. The system includes for the 2013–2015 earning period 52 persons including all Executive Management Team members.

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 three-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 rewards for the earning periods 2014–2016 and 2015–2017 are 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 2014–2016 equates in value to the maximum of approximately 4.1 million Metsä Board B shares, including the portion payable in cash. The scheme covers 55 persons, including all members of Metsä Group's Executive Management Team.

The reward from the earning period 2015–2017 equates in value to the maximum of approximately 4.5 million Metsä Board B shares, including the portion payable in cash. At the beginning of the earning period, the scheme covers 50 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

As a rule, President and CEO has a separate pension agreement with a retirement age of 60. 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 2014, the annual contribution of the President and CEO's defined benefit pension plan was 60 per cent (66 per cent in 2013) 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 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.