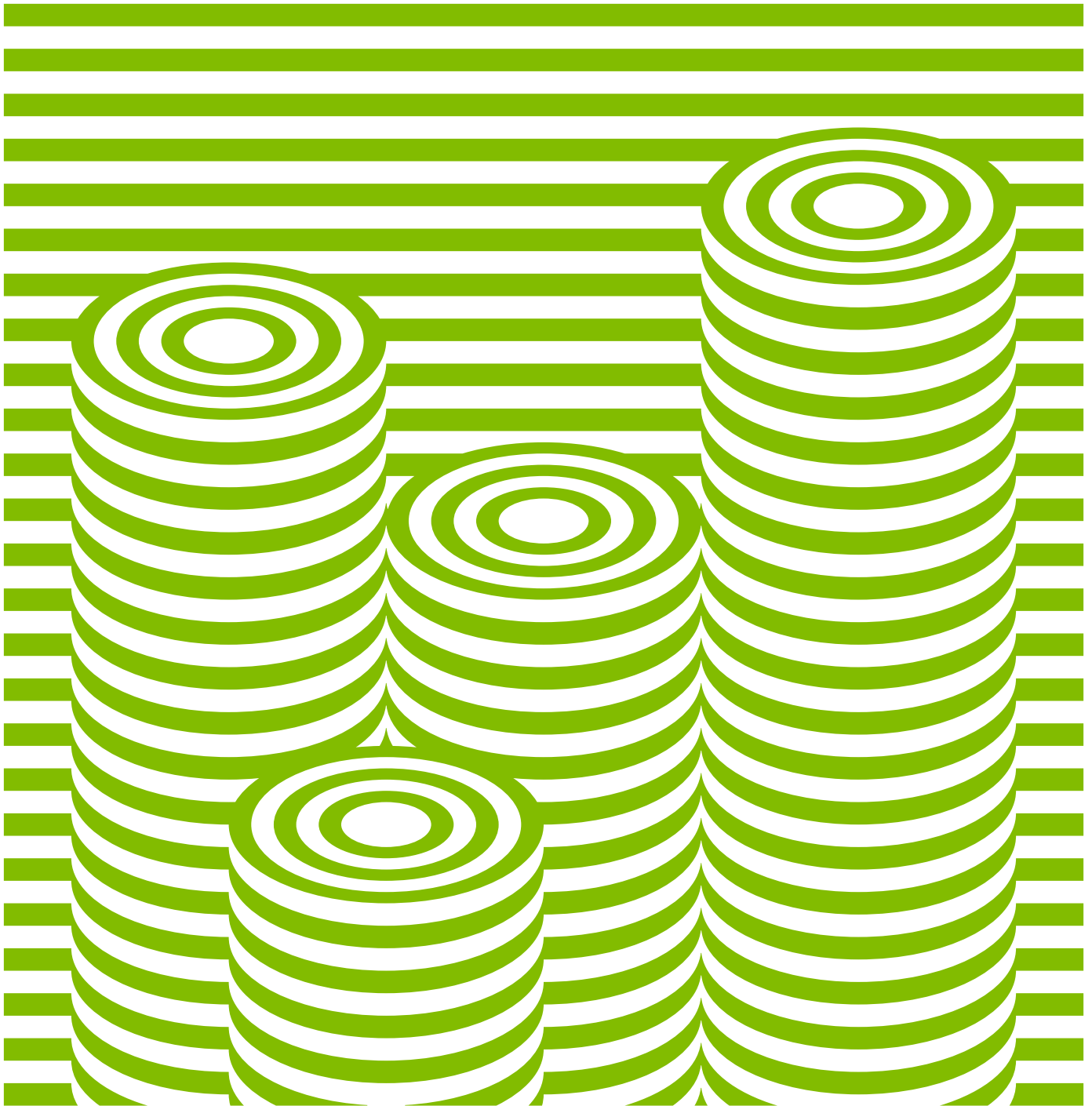


METSÄ GROUP

REMUNERATION STATEMENT 2018



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This Remuneration Statement of Metsä Group on the remuneration of the Board of Directors, Supervisory Board and executive management has been issued pursuant to the Finnish Corporate Governance Code published by the Securities Market Association (www.cgfinland.fi/en/). The description of the decision-making procedure and principles concerning remuneration in this Remuneration Statement is updated when necessary, but always at least simultaneously with the Corporate Governance Statement. The Remuneration Report concerning the remuneration paid during the previous financial period is published at the same time.

DECISION-MAKING PROCEDURE CONCERNING REMUNERATION

Decisions on the remuneration of the Supervisory Board of the 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.

The Board of Directors decides on the remuneration and other financial benefits of the Group 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 performance bonus system and the share ownership plan on the basis of the Compensation 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.

PRINCIPLES OF 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 compensation 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 Compensation Committee are paid separate monthly compensation. The members of the Board of Directors are entitled to travel compensation pursuant to Metsä Group's travel policy. The remuneration paid for Board work accumulates pension benefits.

The members of the Board of Directors do not fall within the scope of Metsä Group's short- or long-term reward schemes.

EXECUTIVE MANAGEMENT

The purpose of the remuneration system for Metsä Group's executive management is to remunerate the management in a fair and competitive manner for the performance of Metsä Group and for realising the company's strategy and the development of its business operations. The remuneration system for executive management comprises a fixed monthly salary, a performance bonus based on financial criteria and personal targets ("short-term remuneration scheme"), a share ownership plan ("long-term remuneration scheme") and the management's pension benefits.

PRESIDENT AND CEO

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 operation of the entire Metsä Group. President and CEO Ilkka Härmälä (M.Sc. (Eng.), born in 1961) has acted as the CEO of Metsäliitto Cooperative as of 1 January 2018 and as the President and CEO of Metsä Group since 1 April 2018. Kari Jordan, President and CEO of Metsä Group in 2006–2018, retired on 1 April 2018.

The terms and conditions of President and CEO Ilkka Härmälä's service contract are defined in writing in the President and CEO's contract, the terms of which have been confirmed by the Board of Directors. The period of notice pursuant to the contract is 12 months. If the service contract is terminated by the company, Härmälä is entitled to severance pay corresponding to 12 months' total salary. No severance compensation is paid if the contract is terminated by Härmälä himself.

Härmälä's monthly salary is agreed in the President and CEO's contract (EUR 65,214 in December 2018) and it includes housing, company car and other minor fringe benefits. The Board of Directors may decide that Härmälä be paid a bonus, based on defined financial criteria and strategic targets, corresponding to a maximum of nine months' salary.

Härmälä falls within the scope of the 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, whereas income from the management's share ownership plan is not. Härmälä's retirement age is in accordance with the Employees Pensions Act. Härmälä also falls within the scope of the pension insurance that covers Metsä Group's management.

OTHER EXECUTIVES

The other members of Metsä Group's Executive Management Team also have written manager contracts. The period of notice applicable to members of the Executive Management Team is six months, and the members are entitled to severance pay equalling 6–12 months' salary if their contract is terminated on grounds not related to the executive.

Other members of Metsä Group's Executive Management Team may be paid a bonus in addition to their monthly salary corresponding to a maximum of seven months' salary. The criteria for the bonus system are the performance targets at Group level and in the executives' own areas of responsibility, as well as personal targets.

The other members of the Executive Management Team fall within the scope of the Employees Pensions Act. It provides pension security based on the period of service and earned income as provided in the Act. Depending on the date on which the manager contract began, some members of Metsä Group's Executive Management Team have separate benefit-based supplementary pension insurance policies, with a retirement age of 62. The level of the pension is at maximum 60% of the total salary pursuant to the Employees Pensions Act, calculated on the basis of the five-year period preceding retirement. If their employment relationship with Metsä Group ends before retirement age, a member of the Executive Management Team is entitled to a paid-up policy. At the end of 2018, four members of the Executive Management Team in addition to the President and CEO had a supplementary pension insurance policy.

LONG-TERM SHARE-BASED REMUNERATION

Share ownership plan for 2014–2018: The Board of Directors of Metsäliitto Cooperative decided in February 2014 on a share ownership plan for Metsä Group's executives for the years 2014–2018. The share ownership plan has three earning periods of three years each: the calendar years 2014–2016, 2015–2017 and 2016–2018.

Metsäliitto Cooperative's Board of Directors determines the executives who belong to the target group and the number of shares allocated to them at the beginning of each three-year earning period. The earning criteria for each earning period and the targets set for them at the beginning of each earning period are decided by the Board of Directors. Attaining the targets established for an earning period determines the proportion of the share reward to be paid to the executives. The amount of the reward paid annually is limited. The President and CEO's maximum reward (including both shares and the cash proportion) is 2.5 times the size of his annual salary, while the maximum reward of the other members of Metsä Group's Executive Management Team is twice the size of their annual salary and of others falling under the scope of the share ownership plan, the size of their annual salary. Possible reward will be paid partially as Metsä Board Corporation's B shares and partially in cash. The reward will, as a rule, be paid in the spring following the earning period.

Each earning period will be followed by a subsequent two-year restriction period, during which the participant is not entitled to transfer

or assign the shares. If an executive terminates their employment or service contract during the restriction period, the executive is obligated to return the share reward they have earned without compensation. If a Group company terminates the employment or service contract of an executive for a reason not related to the executive or if the employment or service contract of the executive ends pursuant to mutual agreement prior to the end of the restriction period, the executive is entitled to keep the shares subject to the transfer discontinues restriction and the said restriction discontinues.

The scheme's reward from the earning period 2015–2017 is based on Metsä Group's return on capital employed (ROCE), earnings before interest and taxes (EBIT), and equity ratio. The reward for the earning period 2016–2018 is based Metsä Group's return on capital employed (ROCE). Minimum levels have also been established for earnings before interest and taxes as well as the equity ratio. The reward earned for the earning period 2015–2017 is detailed below in the section "Remuneration Report 2018".

Performance share plan for 2017–2021: The Board of Directors of Metsäliitto Cooperative decided in January 2017 to extend the share ownership plan for Metsä Group's executives to the years 2017–2021. The plan aims to integrate the goals of the owners and the management to increase the Group's value, secure the management's restriction to the implementation of the common strategy and offer the management a competitive reward plan based on shareholdings.

The performance share plan for 2017–2021 has three earning periods: the calendar years 2017–2019, 2018–2020 and 2019–2021. The Board of Directors determines the executives who belong to the target group and the number of shares allocated to them at the beginning of each three-year earning period. The earning criteria for each earning period and the targets set for them at the beginning of each earning period are decided by the Board of Directors. Attaining the targets established for an earning period determines the proportion of the share reward to be paid to the executives.

The possible reward from each earning period (2017–2019, 2018–2020 and 2019–2021) is based on the development of Metsä Group's return on capital employed (ROCE, %) as specified by the Board of Directors. Minimum levels have also been established for earnings before interest and taxes as well as the

equity ratio. The amount of the reward paid annually is limited. The President and CEO's maximum reward (including both shares and the cash portion) is 2.5 times the size of his annual salary, while the maximum reward of the other members of Metsä Group's Executive Management Team is twice the size of their annual salary and of others falling under the scope of the share ownership plan, the size of their annual salary.

Each earning period will be followed by a subsequent, approximately two-year restriction period during which the participant is not entitled to transfer or dispose of the shares. If an executive terminates their employment or service contract during the restriction period, the executive is obligated to return the share reward they have earned without compensation. If a Group company terminates the employment or service contract of an executive for a reason not related to the executive or if the employment or service contract of the executive ends pursuant to mutual agreement prior to the end of the restriction period, the executive is entitled to keep the shares subject to the transfer/disposal restriction and the said restriction expires.

The possible reward for the earning period 2017–2019 will be paid in the spring of 2020 as Metsä Board Corporation's B shares and partly in cash. Correspondingly, any reward for the earning period 2018–2020 is paid in the spring of 2021 and any reward for the earning period 2019–2021 in the spring of 2022.

During the 2017–2019 earning period, the plan's target group consists of 79 people (December 2018), including the members of Metsä Group's Executive Management Team. The reward to be paid on the basis of the plan for the earning period 2017–2019 is equal in value to a maximum of 2.5 million Metsä Board Corporation B shares, including the portion payable in cash. The cash portion covers any taxes and tax related charges resulting from the reward to an executive.

During the 2018–2020 earning period, the plan's target group consists of 84 people (December 2018), including the members of Metsä Group's Executive Management Team. The reward to be paid on the basis of the plan for the earning period 2018–2020 is equal in value to a maximum of 2.6 million Metsä Board Corporation B shares, including the portion payable in cash. The cash portion covers any taxes and tax related charges resulting from the reward to an executive.

During the 2019–2021 earning period, the plan's target group consists, at the beginning of

the period, of 87 people (February 2019), including the members of Metsä Group's Executive Management Team. The reward to be paid on the basis of the plan for the earning period 2019–2021 is equal in value to a maximum of 2.6 million Metsä Board Corporation B shares, including the portion payable in cash. The cash portion covers any taxes and tax related payments resulting from the reward to an executive.

REMUNERATION REPORT 2018

SUPERVISORY BOARD

The Annual General Meeting of the Representative Council in the spring of 2018 decided to keep the reward of the Supervisory Board members unchanged in 2018. In 2018, the monthly reward of the Chairman of the Supervisory Board was EUR 3,900 and the meeting fee EUR 700 per meeting. In 2018, the monthly reward of the Deputy Chairman was EUR 1,700 and the meeting fee EUR 700 per meeting. Other members of the Supervisory Board were paid a meeting fee of EUR 700 per meeting.

In 2018, the Chairman of the Supervisory Board was paid a total of EUR 65,700 in salaries and meeting fees. The Deputy Chairman was paid a total of EUR 31,250 in salaries and meeting fees in 2018. The meeting fees paid to the other members of the Supervisory Board totalled EUR 165,900. The salaries and fees paid to the members of the Supervisory Board in 2018 totalled EUR 262,850 (EUR 263,525 in 2017).

BOARD OF DIRECTORS

In its meeting held in November 2017, the Supervisory Board decided to keep the reward paid to the members of the Board of Directors unchanged in 2018. The monthly reward of the Chairman of the Board of Directors in 2018 was EUR 7,200 and the monthly reward of other Board members was EUR 4,000. In addition, the members of the Board of Directors were paid a meeting fee of EUR 700 per meeting. The separate monthly fee paid to the Chairman of the Audit Committee was EUR 1,200 and the separate monthly fee paid to the Chairman of the Compensation Committee was EUR 1,000.

In 2018, the Chairman of the Board of Directors was paid a total of EUR 106,240 in salaries and meeting fees (EUR 117,090 in 2017). The salaries and meeting fees paid to other Board members totalled EUR 447,100 (EUR 469,850 in 2017). The salaries and fees

paid to the members of the Board of Directors in 2018 totalled EUR 553,340 (EUR 586,940 in 2017). The reward paid for Board work accumulated pension benefits.

PRESIDENT AND CEO

In 2018, Metsä Group companies paid President and CEO Ilkka Härmälä a total of EUR 2,105,073 in salaries, fees and other benefits. In 2018, the salary, including fringe benefits, paid to the President and CEO by Metsäliitto Cooperative was EUR 821,557. The salaries, fees and other benefits paid to the President and CEO by the other Group companies totalled EUR 1,283,516. The aforementioned sum also includes the bonus and share reward paid to Härmälä for his previous post as the CEO of Metsä Fibre. EUR 746,948 of the share reward for the earning period 2015–2017 was delayed, and will be paid at a later date in accordance with the terms and conditions for the share ownership plan. The costs paid for the President and CEO's defined benefit pension scheme and defined contribution scheme in 2018 were EUR 230,876 and EUR 185,747, respectively.

Metsä Group companies paid President and CEO Kari Jordan, who retired on 1 April 2018, a total of EUR 6,474,266 in salaries, fees and other benefits in 2018 (EUR 5,444,294 in 2017). In 2018, Metsäliitto Cooperative paid Jordan a salary, including fringe benefits, of EUR 428,393 (EUR 1,125,527 in 2017), a bonus of EUR 133,674 (EUR 1,113,126 in 2017) and a share reward of EUR 5,094,083 for the earning period 2015–2017. In addition, Jordan was paid a deferred reward of EUR 807,326 for the earning period 2014–2016. The salaries, fees and other benefits paid to Jordan by other Group companies totalled EUR 10,790 (EUR 132,560 in 2017). The bonus for 2018 was paid to Jordan in March 2018 according to a pro-rata principle. For the earning periods 2016–2018, 2017–2019 and 2018–2020, Jordan is entitled to a share reward according to the pro-rata principle.

Supplementary pension scheme entitled Kari Jordan to retire at the age of 60 in the spring of 2016. Jordan nevertheless continued in his post until 31 March 2018. The agreed level of Jordan's pension was 60% of the total salary pursuant to the Employees Pensions Act, calculated on the basis of the five-year period preceding retirement. In 2018, the costs paid for Jordan's defined benefit pension scheme and defined contribution scheme were EUR 407,280 and EUR 836,867, respectively.

OTHER EXECUTIVES

In 2018, Metsä Group companies paid the members of the Executive Management Team (excluding President and CEO Ilkka Härmälä and President and CEO Kari Jordan, who retired on 1 April 2018) a total of EUR 7,341,910 in salaries and reward (EUR 7,790,155 in 2017), of which EUR 2,195,366 consisted of salaries, including fringe benefits, (EUR 2,581,752 in 2017), EUR 843,728 of bonuses (EUR 542,463 in 2017) and EUR 4,302,817 of share rewards for the earning period 2015–2017 (EUR 4,665,941 in 2017). In addition, EUR 3,179,172 of the share reward for the earning period 2015–2017 was delayed, and will be paid at a later date in accordance with the terms and conditions for the share ownership plan. In addition to the President and CEO, four members of the Executive Management Team had a benefit-based supplementary pension insurance, the costs of which totalled EUR 742,310 in 2018.

LONG-TERM SHARE-BASED REWARD

The reward earned for the earning period 2015–2017 of the share ownership plan was primarily paid in the spring of 2018. The reward for the earning period in question, paid to a total of 47 persons (including all members of Metsä Group's Executive Management Team), was equal in value to approximately 4.2 million Metsä Board Corporation's B shares, including the portion payable in cash. Kari Jordan's, who was the President and CEO during the earning period, share of the reward corresponded to the value of approximately 0.6 million shares, while the share of the other members of the Executive Management Team corresponded to the value of approximately 1 million shares.