

Metsä Board  
Corporate governance statement 2022



# Corporate governance statement

## ■ Introduction

This statement describing the corporate governance of Metsä Board Corporation ('Metsä Board' or 'Company') has been issued as a separate statement pursuant to the Securities Markets Act and the Finnish Corporate Governance Code 2020 and is published concurrently with the Company's financial statements and report of the Board of Directors. The Finnish Corporate Governance Code 2020 is available on the website of the Finnish Securities Market Association at <https://cgfinland.fi/en/corporate-governance-code/>.

Metsä Board is a Finnish public limited company whose A and B series shares are publicly traded on the official list of NASDAQ Helsinki Ltd. (Helsinki Stock Exchange). In its administration and governance Metsä Board complies with Finnish laws, especially the Limited Liability Companies Act, the Company's Articles of Association, and rules and regulations issued under the law, including those issued by the Financial Supervisory Authority that apply to listed companies. Metsä Board also complies

with the rules and recommendations of Nasdaq Helsinki as applicable to listed companies.

Metsä Board prepares its financial statements and interim reports according to the International Financial Reporting Standards (IFRS). The financial statement documents are prepared and published in Finnish and English.

Metsä Board's headquarters are located in Espoo, Finland. The Company's registered domicile is Helsinki.

## Compliance with the Finnish Corporate Governance Code

As a Finnish listed company, Metsä Board complies with the Finnish Corporate Governance Code, which became effective on 1 January 2020. Metsä Board does not currently depart from any single recommendation of the Code. This statement has been issued in compliance with the regulations concerning reporting content set out in the Code. This statement has been reviewed by the Board of Directors' Audit Committee.

## ■ Corporate governance in Metsä Board

The Company's statutory bodies include the General Meeting of Shareholders, the Board of Directors and the CEO. In addition, a Corporate Management Team assists the CEO in the operative management of the Company and in coordinating its operations. Members of the management team (including the CEO) are not members of the Board of Directors. The tasks and responsibilities of the different corporate bodies are determined in accordance with the Finnish Limited Liability Companies Act.

Metsä Board's organisation is based on the following key functions: sales and supply chain, production, technology, finance, business development and human resources. The heads of functions are members of the Corporate Management Team. Functions are supported by centralised support functions, most of which are common with other Metsä Group companies. Support functions are based on separate arm's length service agreements.

## General Meeting

The General Meeting of Shareholders is the Company's highest decision-making body where shareholders use their decision-making power. Each shareholder is entitled to participate in a General Meeting by following the procedure described in the General Meeting notice. According to the Limited Liability Companies Act, the General Meeting decides on matters such as:

- amendments to the Articles of Association;
- adoption of the financial statements;
- profit distribution;
- mergers and demergers;
- acquisition and disposal of own shares;
- appointment of the members of the Board, and their and the Board committee members' remuneration; and
- appointment of the auditor and the auditor's remuneration.

Shareholders are entitled to have a matter pertaining to the General Meeting addressed by the General Meeting, provided that they submit a written request well in advance so that the matter can be included in the meeting notice. The Company has specified 15 January as the deadline. In addition, shareholders have the right

## CORPORATE GOVERNANCE IN METSÄ BOARD



to request information about the items on the agenda of the General Meeting. To be entitled to participate in a General Meeting, a shareholder must be included in the register of shareholders eight working days before the General Meeting. An Annual General Meeting takes place each year in June at the latest. Notice of a General Meeting is served at the earliest three months and at the latest three weeks before the meeting by publishing it on the Company's website and by publishing the notice or a summary thereof in at least one Finnish newspaper of general circulation.

An Extraordinary General Meeting will convene if the Board finds it necessary, or if the auditor or shareholders representing at least 10% of all shares deliver a written request to this effect in order to process a specified matter.

## Board of Directors

The Board of Directors is responsible for the Company's administration and arranging the Company's operations properly according to applicable laws, the Articles of Association and good corporate governance. The general authority of the Board covers matters that are far-reaching, strategically significant, or unusual, and which therefore do not belong to the Company's day-to-day business operations. The Board supervises Metsä Board's operations and management and decides on the Company's strategy, major investments, organisation structure and significant financing matters. The Board supervises the appropriate organisation of the Company's operations. It also ensures that accounting and financial control, financial reporting and risk management have been organised appropriately.

The Board has written rules of procedure for its operations. In accordance with the rules of procedure, the Board's tasks include:

- monitoring compliance with the Company's Articles of Association;
- appointing and discharging the CEO and ensuring that the CEO takes care of the Company's day-to-day administration in accordance with the regulations and guidelines issued by the Board;
- establishing necessary committees, appointing their members and approving their rules of procedure;
- addressing and approving the Company's values, the long-term plan and corporate strategy;
- accepting the annual operational plan and budget;
- supervising the organisation of the Company's accounting, asset management, risk control and financial reporting;
- deciding on significant investments, business acquisitions, divestments and closures of operations;
- deciding on considerable investments and financing arrangements;
- deciding on the transfer and pledging of the Company's significant real property;
- deciding on management authorisations and granting rights to represent the Company;
- convening the General Meeting and monitoring that the decisions taken by the General Meeting are implemented;
- signing and presenting the financial statements to the Annual General Meeting for approval, and preparing a proposal for the use of profits;
- approving key business policies, orders and guidelines, including the insider rules;
- deciding on the incentive schemes and their criteria and terms and conditions;
- approving and publishing the financial statements bulletin as well as interim and half-year financial reports; and
- publishing or authorising the CEO to publish all inside information likely to have a significant effect on the value of the Company's shares, or which otherwise must be made public under the Finnish Securities Markets Act or the Rules of the Helsinki Stock Exchange.

The Board's rules of procedure are available in their entirety on the Company's website at <https://www.metsagroup.com/globalassets/metsa-board/documents/investors/corporate-governance/en/general/metsa-board-board-working-order.pdf>. The Board can delegate matters falling within its general competence to the CEO and correspondingly take charge of decision making in a task that falls within the CEO's general competence.

On an annual basis, the Board assesses its own operation and the Company's corporate governance principles and decides on any necessary changes to them.

The Board convenes on a regular basis. In the financial year 2022, the Board held a total of 13 meetings. The Board members' attendance rate was 97% (99% in 2021 and 100% in 2020).

## Each member's attendance in the meetings of the Board and its committees

Member of the Board of Directors	Number of Board meetings	Attendance rate (%)	Number of committee meetings	Attendance rate (%)
<b>Ilkka Hämälä</b> Chair of the Board and the Nomination and HR Committee	13/13	100	4/4	100
<b>Jussi Linnaranta</b> Deputy Chair of the Board and Member of the Nomination and HR Committee	13/13	100	4/4	100
<b>Hannu Anttila</b> Member of the Board and the Audit Committee	13/13	100	4/4	100
<b>Raija-Leena Hankonen-Nyblom</b> Chair of the Audit Committee and Member of the Board	12/13	92	4/4	100
<b>Erja Hyrsky</b> Member of the Board and the Nomination and HR Committee	13/13	100	4/4	100
<b>Mari Kiviniemi</b> (as of 24 March 2022) Member of the Board and the Audit Committee	10/10	100	3/3	100
<b>Kirsi Komi</b> (until 24 March 2022) Member of the Board and the Audit Committee	2/3	67	1/1	100
<b>Jukka Moisio</b> Member of the Board and the Audit Committee	12/13	92	4/4	100
<b>Timo Saukkonen</b> Member of the Board and the Nomination and HR Committee	13/13	100	4/4	100
<b>Veli Sundbäck</b> Member of the Board and the Nomination and HR Committee	13/13	100	4/4	100

## Composition, diversity and independence of the Board of Directors

The composition and number of members of the Board of Directors must facilitate the effective fulfilment of the Board's tasks. The composition of the Board of Directors takes into account the Company's development stage, ownership structure, the special requirements of the industry and the needs of the Company's operations. The goal is to set up a diverse Board, while also ensuring that each Board member has the necessary qualifications and time to perform the duties assigned to them. The Board of Directors has both women and men as members.

The Board of Directors has adopted diversity principles, which are available on the Company's website (<https://www.metsagroup.com/globalassets/metsa-board/documents/investors/corporate-governance/en/general/metsa-board-board-diversity-principles.pdf>). The Board recognises the benefits that a diverse and broad Board composition can offer the Company and its shareholders. Diversity supports the Board's open work atmosphere, independent role and decision making. One of the Board's key tasks is to support and challenge the operative management from various perspectives proactively and consistently. For the Board and its committees to successfully handle their duties, they require a diverse composition and varied competence and experience. Attention must also be paid to the personal qualities of individual members. Diversity must also support the Company's development stages and correspond to the future development needs of the Company and its business.

In addition to industry knowledge, Metsä Board has determined experience from different fields of business and the international business scene are to be key factors in terms of the Board of Directors' diversity. In addition, varying educational backgrounds, management experience from different business sectors and a varying age and gender structure have been identified as factors promoting diversity. Metsä Board's goal is to have both women and men on the Board. The Board evaluates the achievement of diversity targets as part of its own and its Nomination and HR Committee's normal operations.

According to the Articles of Association, a minimum of five and a maximum of ten ordinary members are appointed to the Board of Directors by the shareholders at the Annual

General Meeting for a one-year period at a time. The number of consecutive terms is not limited. At present, the Board has nine members.

The Board appoints a Chair and a Deputy Chair from among its members. The 2022 Annual General Meeting appointed the following persons as members of the Board of Directors:

- Hannu Anttila, born in 1955, independent of the Company and of its significant shareholders, M.Sc. (Econ.), member since 2018, 147,575 B shares
- Raija-Leena Hankonen-Nyblom, born in 1960, independent of the Company and of its significant shareholders, M.Sc. (Econ.), APA, member since 2021, 6,956 B shares
- Erja Hyrsky, born in 1979, independent of the Company and of its significant shareholders, M.Sc. (Econ.), MBA, member since 2021, 9,456 B shares
- Ilkka Hämälä, born in 1961, not independent of the company or its significant shareholder, Chair, M.Sc. (Eng.), member since 2018, 287,349 B shares
- Mari Kiviniemi, born in 1968, independent of the Company and of its significant shareholders, M.Soc.Sc. (Econ.), member since 2022, 3,633 B shares
- Jussi Linnaranta, born in 1972, independent of the Company, M.Sc. (Agr.), member since 2017, 29,801 B shares
- Jukka Moisio, born in 1961, independent of the Company and of its significant shareholders, M.Sc. (Econ.), MBA, member since 2020, 12,231 B shares
- Timo Saukkonen, born in 1963, independent of the Company, M.Sc. (For.), member since 2020, 16,831 B shares
- Veli Sundbäck, born in 1946, independent of the Company and of its significant shareholders, L.L.M., member since 2013, 74,908 B shares

These ownerships include shares possibly owned by controlled entities on 31 December 2022.

A majority of the members of the Board of Directors are independent of both the Company and its significant shareholders. As President and CEO of Metsä Group, Ilkka Hämälä, the Chair of the Board, is dependent of both the Company and its majority shareholder, Metsäliitto Cooperative. Jussi Linnaranta and Timo Saukkonen are members of the Board of Metsäliitto Cooperative and consequently

dependent on a significant shareholder. Further information about the Board members is available on the Company's website at <https://www.metsagroup.com/metsaboard/investors/corporate-governance/board-of-directors/>.

## Board Committees

If required, the Board can decide to establish committees to provide assistance to and prepare matters for which the Board is responsible. The Board has appointed an Audit Committee and a Nomination and HR Committee from among its members. Every year after the Annual General Meeting, the Board of Directors appoints each committee's chair and members. The Board and its committees can also consult external advisors.

Final decisions concerning matters related to the tasks of the committees are made by the Board of Directors on the basis of committee proposals, excluding proposals on Board composition and compensation made directly to the General Meeting by the Nomination and HR Committee.

## Audit Committee

The Audit Committee is responsible for assisting the Board of Directors in ensuring that the Company's financial reporting, calculation methods, financial statements and other financial information and non-financial information published by the Company are correct, balanced, transparent and clear. The Audit Committee regularly reviews the internal control and management systems and monitors the progress of financial risk reporting and the auditing of the accounts. The Audit Committee assesses the efficiency and scope of internal auditing, the Company's risk management, key risk areas and compliance with applicable laws and regulations. It assesses the independence of the auditor and audit firm and gives a recommendation to the Board concerning the appointment of auditors to the Company. The Audit Committee also processes the annual plan for internal auditing and the reports prepared on significant audits.

The Audit Committee consists of four Board members. Since the 2022 Annual General Meeting, Raija-Leena Hankonen-Nyblom has been Chair of the Audit Committee with Hannu Anttila, Mari Kiviniemi and Jukka Moisio as members. All the members are independent of the Company and its significant shareholders.

The committee members must have adequate expertise in accounting and financial statement policies. The Audit Committee convenes regularly, at least four times a year. In connection with the meetings, the Committee hears the Company's auditor. The Chair of the Audit Committee provides the Board with a report on each meeting. The tasks and responsibilities are specified in the Committee's rules of procedure approved by the Board of Directors (<https://www.metsagroup.com/globalassets/metsa-board/documents/>

[investors/corporate-governance/en/general/metsa-board-audit-committee-charter.pdf](https://www.metsagroup.com/globalassets/metsa-board/documents/investors/corporate-governance/en/general/metsa-board-audit-committee-charter.pdf)).

At the invitation of the Committee, the Company's auditor, CEO and CFO, as well as other management representatives and external advisors, are represented at the Audit Committee's meetings if required.

The Audit Committee convened four times in 2022. All the members attended all the meetings (attendance rate: 100% in 2021 and 95% in 2020).

Audit Committee member	Number of meetings	Attendance rate (%)
Raija-Leena Hankonen-Nybom (Chair)	4/4	100
Hannu Anttila	4/4	100
Mari Kiviniemi	4/4	100
Jukka Moisio	4/4	100

## Nomination and HR Committee

In spring of 2022, the Nomination and Remuneration Committee changed its name to the Nominations and HR Committee. According to the Committee's view, the new name better describes the Committee's work and the issues on the agenda. The task of the Nomination and HR Committee is to assist the Board of Directors in matters related to the appointment and remuneration of the Company's CEO, any Deputy CEO and senior management, and prepare matters related to the incentive schemes for management and employees. In addition, the Committee prepares for the Annual General Meeting a proposal on the number of Board members, the Board composition and the remuneration for Board members. The Committee also recommends, prepares and presents for the Board's approval the appointment of the CEO (and any Deputy CEO), as well as their salary and compensation. The Committee also prepares and provides recommendations to the Board and the CEO concerning matters related to the remuneration and incentive schemes of management and employees.

The Committee consists of five Board members. It convenes on a regular basis, at least four times a year. The Chair of the Committee presents the Committee's proposals to the Board. The tasks and responsibilities of the Nomination and HR Committee are specified in the Committee's rules of procedure approved by the Board of Directors (<https://www.metsagroup.com/globalassets/metsa-board/documents/investors/corporate-governance/en/general/metsa-board-nomination-and-hr-committee-charter.pdf>).

Since the 2022 Annual General Meeting, Ilkka Hämälä has been Chair of the Nomination and HR Committee with Erja Hyrsky, Jussi Linnaranta, Timo Saukkonen and Veli Sundbäck as members.

The Nomination and HR Committee convened four times in 2022. All the members attended all the meetings (100% attendance rate also in 2021 and 2020).

Members of the Nomination and HR Committee	Number of meetings	Attendance rate (%)
Ilkka Hämälä (Chair)	4/4	100
Erja Hyrsky	4/4	100
Jussi Linnaranta	4/4	100
Timo Saukkonen	4/4	100
Veli Sundbäck	4/4	100

## Chief Executive Officer

Chief Executive Officer Mika Joukio (born in 1964), M.Sc. (Eng.), MBA, is responsible for the daily management of the Company's administration in accordance with the guidelines and instructions provided by the Board. The CEO is also responsible for ensuring that the Company's accounting has been carried out according to applicable legislation and that asset management has been organised in a reliable manner. The CEO manages the Company's daily business and is responsible for controlling and steering the different functions.

The CEO has a written CEO contract approved by the Board. The Board monitors the CEO's performance and provides a performance evaluation once a year. The CEO is covered by the Employees Pensions Act, which 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 options and share-based incentive schemes for management are not. The Company has commissioned an extra pension insurance policy for the CEO, entitling the CEO to retire at the age of 62. The maximum level of his pension is 60% of the total salary under the Employees Pensions Act, calculated on the basis of the five-year period preceding retirement.

The Board appoints and discharges the CEO. The CEO may be discharged at the Board of Directors' decision without a separate reason. The CEO can also resign from his assignment. The mutual period of notice is six months. However, the Board may decide to discharge the CEO without a period of notice. If the Board terminates the CEO's contract, the CEO is entitled to a discharge compensation equal to his 12-month salary.

## Deputy to the CEO

At its discretion, the Board can appoint a Deputy to the CEO. The Deputy to the CEO is responsible for carrying out the CEO's tasks when the CEO is unable to perform their duties. For now, no Deputy to the CEO has been appointed.

## Corporate Management Team

In the operative management of Metsä Board, the CEO is assisted by the Corporate Management Team, which consists of Mika Joukio, CEO, together with function heads Ari Kiviranta

(Technology), Markku Leskelä (Development), Jussi Noponen (Sales and Supply Chain), Harri Pihlajaniemi (Production), Henri Sederholm (Finance) and Camilla Wikström (Human Resources), who all report to the CEO.

Each of the members of the Corporate Management Team have a written employment or service contract. With the exception of the CEO, they do not have extraordinary pension arrangements apart from the statutory pension cover. The term of notice of Corporate Management team members is six months on both sides.

The Corporate Management Team's tasks and responsibilities include planning investments, specifying and preparing the Company's strategic guidelines, allocating resources, controlling routine functions as well as preparing various matters to be reviewed by the Board. As a rule, the Corporate Management Team convenes at the Chair's invitation once a month, and otherwise if required.

At the end of the financial year 2022, the Corporate Management Team members owned the Company's shares as follows:

Mika Joukio	352,500 B shares
Ari Kiviranta	30,000 B shares
Markku Leskelä	16,406 B shares
Jussi Noponen	80,000 B shares
Harri Pihlajaniemi	41,414 B shares
Henri Sederholm	42,466 B shares
Camilla Wikström	19,984 B shares.

Any controlled entities of the Corporate Management Team members do not hold shares in the Company.

## Internal control, internal audit and risk management

Profitable business requires that operations are monitored continuously and with adequate efficiency. Metsä Board's internal management and control procedure is based on the Finnish Limited Liability Companies Act, the regulations and recommendations for listed companies, the Articles of Association and the Company's own approved principles and policies. The functioning of the Company's internal control is evaluated by the Company's internal auditing. Internal control is carried out throughout the organisation. Internal control methods include internal guidelines and reporting systems that support control. The principles, objectives

and responsibilities of Metsä Board's internal control, risk management and internal auditing are described in the following section.

### Internal control

As a listed company, Metsä Board's internal control is steered by the Finnish Limited Liability Companies Act and the Securities Markets Act, other laws and regulations applicable to the operations, and the rules and recommendations of the Nasdaq Helsinki, including the Corporate Governance Code. External control is carried out by Metsä Board's auditor and the authorities.

In Metsä Board, internal control covers financial reporting and other monitoring. Internal control is implemented by the Board and operative management as well as the entire personnel. Internal control aims to ensure the achievement of the company's goals and objectives; economical, appropriate and efficient use of resources; correct and reliable financial information and other management information; adherence to external regulations and internal policies; adequate security of operations, information and property; and the arrangement of adequate and appropriate manual and IT systems to support operations.

Internal control is divided into (i) proactive control, such as the specification of corporate values, general operational and business principles; (ii) daily control, such as operational steering and monitoring including the relevant operational systems and work instructions; and (iii) subsequent control, such as management evaluations and inspections, comparisons and verifications with the aim of ensuring that the goals are met and that the agreed operational and control principles are followed. The corporate culture, governance and approach to control jointly form the basis for overall internal control.

Monitoring of the financial reporting process, credit control and authorisation rights

The financial organisations of the different functions and central administration are responsible for financial reporting. The units report their financial figures each month. The units' controller functions check their units' monthly performance and submit a performance report to central administration. The functions' profitability development and business risks and opportunities are discussed in monthly meetings attended by the Company's and each function's management. The result is reported

to the Board and Corporate Management Team monthly. The Board presents the financial statements to the Annual General Meeting for approval, approves the financial statement bulletin and interim reports, and decides on their publication. The rules for reporting and control as well as the reporting process are described in greater detail in the Company's internal guidelines.

Credit control in Metsä Board has been centralised under a Credit Committee, which convenes at least each quarter. Credit controllers monitor the trend in trade receivables in each sales company under the supervision of the Group VP of Credits. Counterparty-specific credit limits are set within the boundaries of the credit policy confirmed by the Board in cooperation with centralised credit control, sales and financial management. The development of credit risks is reported to the Board on a regular basis.

Authorisation rights concerning expenses, significant contracts and investments have been specified progressively for different organisation levels according to the decision-making authority policy confirmed by the Board and the authority separately granted by the CEO and other management personnel. Investment follow-up is carried out by the Group's financial administration according to the investment policy confirmed by the Board. After pre-approval, investments are handled by the functions' management teams and the Corporate Management Team within the framework of the annual investment plan. The most significant investments are separately submitted to the Board for approval. Investment follow-up reports are compiled each quarter.

### Internal auditing

Internal auditing is an independent and objective assessment, assurance and consulting activity designed to add value to Metsä Board and improve its operations.

Internal auditing assists the Board of Directors in its supervisory role and supports Metsä Board and its management in achieving the Company's objectives by providing a systematic approach to assessing and improving the effectiveness of risk management, control, governance and management processes.

Metsä Board's internal auditing is carried out by Metsä Group's internal audit unit. Audit work is carried out in compliance with the internal

audit guidelines approved by the Audit Committee. The internal audit function reports to the Audit Committee on operations and to Metsä Group's President and CEO on administration.

Internal auditing draws up a six-monthly action plan which is approved by the Audit Committee. Auditing is risk-based and focuses on the Company's activities and units that are considered to be key to achieving the objectives set for operations. In cooperation with the audit function, internal auditing sees to the coordination of plans to ensure adequate coverage of auditing and avoid overlapping work. Similarly, cooperation is carried out with Metsä Group's other assurance functions such as risk management, internal controls and compliance.

The results of the audit are compiled into an audit report, which is shared with Metsä Board's CEO and CFO, the management of the audited entity and the persons in charge. The audit reports are submitted to Metsä Group's President and CEO, CFO, auditor and, if required, to other Group management for informative purposes.

Internal auditing provides the Audit Committee with a six-monthly summary report on the audits carried out, the main findings and recommendations, and the management action plans and their implementation. The Chair of the Audit Committee and the Audit Director also meet regularly without the presence of management.

## Risk management

Risk management is an essential part of Metsä Board's standard business planning and leadership. Risk management is part of daily decision making, operations follow-up and internal control, helping to promote and ensure the achievement of the Company's objectives.

Business management and risk management are efficiently coordinated based on the operational principles confirmed by the Board, the aim of which is to secure a well-defined, understandable and sufficiently practical risk management process. Risks and their development are regularly reported to the Board of Directors' Audit Committee. Centralised risk management also takes care of the coordination and competitive bidding of Metsä Board's insurance coverage.

The key objective of risk management is to identify and evaluate the risks, threats and

opportunities that may have an impact on the implementation of the strategy and the achievement of short- and long-term objectives. The businesses regularly evaluate and monitor the risk environment and related changes as part of their normal operational planning. The risks identified and their management are reported to the Audit Committee and the Board at least twice a year. Business risks also involve opportunities, and they can be capitalised on within the boundaries of the agreed risk limits. Conscious risk-taking decisions must always be based on an adequate evaluation of the risk-bearing capacity and the profit/loss potential, among other things. Such an evaluation must be conducted before any pre-engineering and execution phases of projects and investments.

Risk management responsibilities are divided among different functions in Metsä Board. The Board is responsible for the Company's risk management and approves the Company's risk management policy; the Audit Committee evaluates the levels and procedures of the Company's risk management as well as the essential risk areas and provides the Board with related proposals. The CEO and Management Team are responsible for the specification and adoption of the risk management principles. They are also responsible for ensuring that the risks are taken into account in the Company's planning processes and that risk reporting is adequate and appropriate. The Vice President of Risk Management reports to the CFO and is responsible for the development and coordination of the Company's risk management process, the implementation of risk evaluation and the essential insurance decisions. The Risk Committee conducts a twice-yearly risk review, the results of which the CEO presents to the Board following a review by the Corporate Management Team. The Risk Committee consists of the CFO acting as Chair, and SVP Production, SVP Development, VP Risk Management and VP Group Accounting. The businesses and support functions identify and evaluate the essential risks related to their own areas of responsibility in their planning processes, prepare for them, take necessary preventive action and report on the risks as agreed.

The key elements of Metsä Board's risk management include implementing a comprehensive risk management process that supports the entire business, protecting property and

ensuring business continuity, corporate security and its continuous development, as well as crisis management and continuity and recovery plans. According to the risk management policy and principles, adequate risk management forms a necessary part of the preliminary review and implementation stages of projects that are financially or otherwise significant.

Metsä Board's risk management is tasked with:

- ensuring that all the identified risks with an impact on personnel, customers, products, property, information assets, corporate image, corporate responsibility or operational capacity are controlled according to applicable laws and based on the best available information;
- ensuring that the Company's objectives are met;
- fulfilling stakeholders' expectations;
- protecting property and ensuring disruption-free business continuity;
- optimising the profit/loss potential; and
- ensuring the management of the company's overall risk exposure and minimising the overall risks.

The most significant risks and uncertainties that the Company is aware of are described in the Report of the Board of Directors.

## Auditing

According to Metsä Board's Articles of Association, the Company has one auditor that must be an audit firm authorised by the Central Chamber of Commerce of Finland. The General Meeting appoints the auditor each year at the Annual General Meeting. The Company's Audit Committee together with the Audit Committee of its parent entity, Metsäliitto Cooperative, organised a competitive bidding for audit services in 2011 and 2021. As a result of the 2011 bidding, the Company's long-term auditor PricewaterhouseCoopers Oy was changed to KPMG Oy Ab at the 2012 Annual General Meeting. Following the competitive bidding organised in 2021 and pursuant to the decision of the 2022 Annual General Meeting, KPMG Oy Ab now acts as the Company's auditor with Kirsi Jantunen, APA, as the auditor with main responsibility. Under the EU Audit Directive, an audit firm may act as a company's auditor for a maximum of 10 years, after which a competitive

bidding must be organised for the audit services. Should the same audit firm be re-elected, it may serve continuously as the Company's auditor for another 10 years at most, after which the audit firm must be changed. The Audit committee

controls the appointment procedure of auditors and provides the Board and the General Meeting with a recommendation for the appointment of the auditor.

In 2022 audit fees were paid as follows:

Audit fees	2022	2021	2020
Audit fees to KPMG Oy Ab	EUR 200,000	EUR 196,000	EUR 196,000
International fees	EUR 255,000	EUR 241,000	EUR 206,000
For services unrelated to the audit proper	EUR 0	EUR 0	EUR 4,000
<b>Total</b>	EUR 455,000	EUR 437,000	EUR 406,000
Fee to other audit firms other than KPMG Oy Ab	EUR 11,000	EUR 21,000	EUR 23,000
<b>Total</b>	EUR 466,000	EUR 458,000	EUR 429,000

## Insider administration

For insider matters, Metsä Board and its group companies comply with Finnish laws, especially the Securities Markets Act, Regulation N:o 596/2014 of the European Parliament and of the Council on market abuse (MAR) and supporting orders and regulations as well as the insider guidelines of NASDAQ Helsinki Ltd. (Helsinki Stock Exchange) ([www.nasdaq.com/solutions/rules-regulations-helsinki](http://www.nasdaq.com/solutions/rules-regulations-helsinki)). Based on the above provisions, the Company has approved its own insider guidelines.

Pursuant to MAR Article 14 and Chapter 51 of the Criminal Code, a person who possesses inside information shall not (i) engage or attempt to engage in insider trading by acquiring or transferring financial instruments on his or her own account or on behalf of a third party, (ii) recommend that another person engage in insider trading or induce another person to engage in insider dealing, (iii) unlawfully disclose inside information to another person, unless such disclosure is made as part of carrying out normal work duties. The goal of insider administration is to enable people considered the company's insiders, to openly hold shares in the company while maintaining public trust in the trading and price formation involving the company's securities. The Company recommends only long-term investments. Insiders are provided with instructions and training at regular intervals.

Since the Market Abuse Regulation MAR took effect on 3 July 2016, the Company has not had a register of public insiders or maintained a permanent company-specific insider register. If required and by decision of the Chair of the

Board of Directors, the Company can set up a project-specific insider register to cover all the persons involved in the preparation of a specific project containing insider information.

The Company's managers with a duty to notify include the members of the Board of Directors and the CEO. The holdings of these individuals and their related parties is public. Each of them has an individual duty vis-à-vis the Company and the competent supervisory authority, to notify all transactions executed with the shares and other financial instruments of Metsä Board. Metsä Board will publish all such notifications in a stock exchange release.

Managers with a duty to notify are not allowed to trade in the Company's shares and other financial instruments during a period starting at the end of each reporting period and lasting until the interim report has been published (always at least 30 calendar days, a period known as the 'closed window'). This prohibition applies not only to managers with a duty to notify, but also to any other persons specified by the Company who participate in the preparation of financial reports.

## Related party transactions

The Board of Directors has determined the principles for monitoring and evaluating business transactions with related parties. The Company's business activities include contractual relationships with the parent entity Metsäliitto Cooperative and affiliated companies Metsä Fibre Oy and Metsä Tissue Corporation. The most significant of these are related to the procurement of raw material (such as wood

and pulp) and to operating in joint integrated mills. The Board of Directors decides on contractual relationships with related parties unless the matter is related to the Company's normal business operations and is of minor significance. In situations where the Board of Directors addresses a business relationship or other contractual relationship or connection to Metsäliitto Cooperative or the Company's affiliated companies, the Board of Directors acts, as a rule, without those of its members who are dependent on Metsäliitto Cooperative. or the relevant affiliated company considered a related party. The Audit Committee regularly follows up and analyses contractual relationships between the Company and its related parties.

To assess the independence and impartiality of the members of the Board of Directors, the members are required to notify the Company of circumstances that may have an impact on the member's ability to act without conflict of interest. As of 31 December 2022, neither the Board members, nor the Company's CEO or Corporate Management Team members had monetary loans from the Company or its subsidiaries. No collateral arrangements or significant business relations existed between these persons (including their related parties as defined in IFRS) and the Company during 2022.





**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](https://metsagroup.com/metsaboard)

