

Metsä Group
Remuneration report 2024



Review by the Chair of the HR Committee

Dear reader,

Metsä Group's remuneration policy defines the principles on which remuneration at Metsä Group is based. These principles apply to the entire personnel, and compliance with them promotes the realisation of Metsä Group's strategy and long-term financial success. The remuneration policy is available on the Metsä Group website.

The Board of Directors' 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 Group's remuneration principles.

In 2024, the HR Committee continued to focus attention on the prominence of sustainability targets when setting targets for remuneration. The annual targets of every Metsä Group employee now include ESG indicators or targets. Setting sustainability targets as part of the annual targets promotes the continuous assessment and improvement of sustainability in our operations. The 2025 short-term incentive system also includes a sustainability indicator common to all employees.

This remuneration report is based on the recommendations of the Corporate Governance Code 2025 published by the Finnish Securities

Market Association. This report describes how the principles have been applied and complied with, and how the members of the Board of Directors of the Group's parent company and the Group's President and CEO, who also serves as the CEO of the parent company, were remunerated during the 2024 financial period.

We have aimed to provide an illustrative and transparent summary of the remuneration of the company's statutory governing bodies and the implementation of Metsä Group's remuneration policy. The remuneration report enables the company's 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 in Metsä Group's financial statements and on the website.

Taavi Heikkilä

Chair of the HR Committee of
Metsäliitto Cooperative's Board of Directors

Introduction

Metsä Group'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.

Remuneration in Metsä Group is based on the following principles:

- Ensuring sustainable and responsible business operations**
 Our remuneration supports the achievement of Metsä Group's vision, strategic and operational goals, and sustainability targets. We encourage activities in line with our values and Metsä Group's interests – responsible profitability, reliability, renewal and cooperation.
- Ensuring performance and profitable growth**
 With remuneration, we encourage excellent performance and results in both the short and long term. We remunerate our people for achieving and exceeding targets, 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 the personnel's competence 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 with requirements.

Compliance with the remuneration policy

In the 2024 financial period, the remuneration of the Supervisory Board, members of the Board of Directors, and the President and CEO was in line with the remuneration policy. No deviations were made from the remuneration policy.

As decided by the Representative Council, the remuneration of the Chair and Deputy Chair of the Supervisory Board in the 2024 financial period comprised monthly remuneration and meeting fees. In accordance with the Representative Council's decision, the remuneration of other members of the Supervisory Board in the 2024 financial period comprised meeting fees.

As decided by the Supervisory Board, the remuneration of the members of the Board of Directors in the 2024 financial period comprised monthly remuneration and meeting fees.

In the 2024 financial period, the remuneration of the President and CEO comprised a fixed base salary, fringe benefits, and performance-based short- and long-term incentives, as well as index increase fees related to the supplementary defined-benefit pension arrangement.

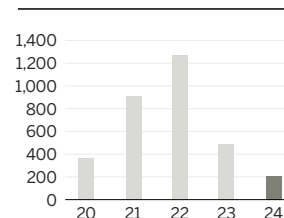
Clawback terms are in place for exceptional situations in both the short- and long-term incentive system. No incentives were recovered in the 2024 financial period.

Short-term and long-term incentive systems

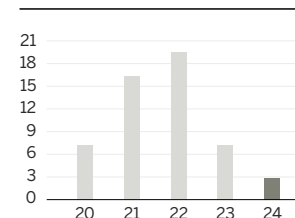
Metsä Group has a short-term incentive system with a review period of one calendar year, as well as a long-term incentive system with a performance period of three years and a restriction period of one to two years. The targets of the long-term incentive system, tied to return on capital employed, operating result and equity ratio, impact the long-term development of shareholder value. With the support of the incentive systems, the Board of Directors steers Metsä Group's operations over the short and long terms. Metsä Group's financial result has a direct impact on the President and CEO's remuneration through both the short- and long-term incentive systems.

Metsä Group's financial development

OPERATING RESULT, COMPARABLE
EUR million



RETURN ON CAPITAL EMPLOYED, COMPARABLE
%



Development of remuneration in 2020–2024

Over the last five years, the monthly remuneration of the Chair of the Supervisory Board has increased by approximately 10%, and the monthly remuneration of the Deputy Chair of the Supervisory Board by approximately 11%. In 2024, the monthly remuneration of the Chair was EUR 4,500, and that of the Deputy Chair was EUR 2,000. The meeting fee paid to the members of the Supervisory Board has increased by 25% in the last five years. In 2024, the meeting fee paid to the members of the Supervisory Board was EUR 1,000. In 2025, the monthly remuneration and meeting fees will remain at the 2024 level.

In the last five years, the monthly remuneration paid to the Chair of the Board of Directors has been raised by 4%. The monthly remuneration paid to the Deputy Chair has increased by 15%, and that of the other Board members by 33% in the last five years. The monthly remuneration of the Chair of the Board of Directors was last raised in 2022, and it is EUR 12,000. The monthly remuneration of the Deputy Chair of the Board of Directors was raised to EUR 6,000 in 2023. The monthly remuneration of other members of the Board of Directors was raised to EUR 5,600 in

2023. The meeting fee paid to the members of the Board of Directors has increased by 25% in the last five years. The meeting fee is EUR 1,000. In 2025, the monthly remuneration and meeting fees will remain at the 2024 level. The fees and remuneration for Board work correspond to general remuneration trends in companies belonging to Metsä Group's peer group.

In addition, separate monthly remuneration is paid to the chairs of the Board of Directors' Audit Committee and HR Committee, which was raised for 2022. The monthly remuneration of the Chair of the Audit Committee was raised from EUR 1,200 to EUR 1,300, and that of the Chair of the HR Committee from EUR 1,000 to EUR 1,100. Over the last five years, no other changes were made to the separate monthly remuneration of the chairs of the committees.

The total earnings of Metsä Group's President and CEO Ilkka Hämmälä have been strongly influenced by Metsä Group's success. The development of employees' average earnings has been moderate.

DEVELOPMENT OF THE SUPERVISORY BOARD'S AND THE BOARD OF DIRECTORS' REMUNERATION, THE REMUNERATION OF THE PRESIDENT AND CEO, AND THE AVERAGE EARNINGS OF EMPLOYEES

(IN EUROS)	2024	2023	2022	2021	2020
Chair of the Supervisory Board	78,600	78,100	71,600	77,600	78,300
Juha Paajanen, as of 4 May 2017					
Deputy Chair of the Supervisory Board	36,500	39,300	33,200	33,600	33,600
Ahti Siponen, as of 4 May 2017					
Other members of the Supervisory Board (in total)	163,000	186,500	152,800	191,600	146,800
Chair of the Board of Directors	168,000	167,700	166,554	170,840	163,940
Jussi Linnaranta, as of 1 January 2020					
Vice Chair of the Board of Directors	91,100	91,600	82,400	83,200	83,800
Mikko Mäkimattila, as of 1 January 2023 Timo Saukkonen 1 January 2020–31 December 2022					
Other members of the Board of Directors (on average)	89,417	88,583	74,867	69,967	72,167
President and CEO¹⁾	3,613,185	1,649,222	2,976,557	2,695,238	2,289,521
Ilkka Hämmälä, as of 1 April 2018					
Average earnings of employees²⁾	48,873	48,060	51,218	48,101	44,305
Ratio of highest annual earnings to median earnings³⁾	66	45	-	-	-

¹⁾ The President and CEO's remuneration details include the salaries and rewards paid for the year in question. The figures shown in the table do not include paid supplementary pension contributions.

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

³⁾ The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual). Comparison figure is not available for years 2020–2022.

Remuneration of the Supervisory Board

REMUNERATION PAID TO THE SUPERVISORY BOARD AND THE COSTS OF THE SUPERVISORY BOARD MEMBERS' PENSION ARRANGEMENTS IN 2024 (IN EUROS)

	Monthly remuneration	Meeting fees ¹⁾	Pension benefit ²⁾	Total
Juha Paajanen Chair	54,000	24,600	12,686	91,286
Ahti Siponen Deputy Chair	24,000	12,500	5,891	42,391
Other members (in total)	-	163,000	-	163,000
Total	78,000	200,100	18,577	296,677

¹⁾ The meeting fees also include meeting fees paid for attending meetings of the Board of Directors as well as district councils and other committees.

²⁾ Voluntary TyEL pension insurance has been taken out for the Chair and Deputy Chair of the Supervisory Board.

Remuneration of the Board of Directors

REMUNERATION PAID TO THE BOARD OF DIRECTORS AND THE COSTS OF THE BOARD MEMBERS' PENSION ARRANGEMENTS IN 2024 (IN EUROS)

Member of the Board	Monthly remuneration	Meeting fees ¹⁾	Pension benefit ²⁾	Total
Linnaranta Jussi Chair ³⁾	144,000	24,000	29,635	197,635
Mäkimattila Mikko Vice chair ³⁾	72,000	19,100	15,950	107,050
Hatva Teuvo , as of 1 January 2024	67,200	16,000	13,428	96,628
Heikkilä Taavi	80,400 ⁴⁾	17,100	15,737	113,237
Pitkänen Eija	67,200	18,100	14,612	99,912
Pärssinen Nina	67,200	18,000	14,581	99,781
Salonen Ilkka	82,800 ⁵⁾	18,300	16,318	117,418
Vanhanen Jussi	67,200	17,000	14,853	99,053
Total	648,000	147,600	135,113	930,713
Former members of the Board of Directors				
Parpala Juha until 31 December 2023	-	800	129	929

¹⁾ The meeting fees of the Board of Directors also include the meeting fees of committees and district councils.

²⁾ Voluntary TyEL pension insurance has been taken out for the members of the Board of Directors.

³⁾ The remuneration paid for board work in Metsä Board Corporation is disclosed in Metsä Board Corporation's remuneration report.

⁴⁾ Includes the monthly remuneration paid to the Chair of the HR Committee.

⁵⁾ Includes the monthly remuneration paid to the Chair of the Audit Committee.

Remuneration of the President and CEO

THE SALARIES AND INCENTIVES PAID TO THE PRESIDENT AND CEO, AND THE COSTS OF THE SUPPLEMENTARY PENSION ARRANGEMENT IN 2024 (IN EUROS)

	2024
Base salary, including fringe benefits ¹⁾	895,444
Incentives paid by other Group companies	137,942
Short-term incentive ^{2) 3)}	200,595
Long-term incentive ^{2) 4)}	2,379,205
Total	3,613,185
Supplementary defined-benefit pension insurance index increase fees	498,905

¹⁾ The base salary paid by Metsäliitto Cooperative, which includes a company housing, car and phone benefit, extended healthcare, travel and accident insurance, as well as other minor fringe benefits.

²⁾ The incentive paid is accrued in the financial statements over the vesting period.

³⁾ The short-term incentive paid concerns performance in 2023.

⁴⁾ The long-term incentive paid applies to period 2020–2022.

The maximum level of remuneration available in the short-term incentive system in 2024 was, accounting for Metsä Group's EBIT multiplier, 93.75% of the fixed annual salary. In 2024, the President and CEO's short-term reward was EUR 0, as the short-term incentive system's performance indicator (Metsä Group's EBIT) did not exceed the threshold. In 2024, the President and CEO's sustainability targets focused on the climate, the survey of CO2 emissions capture and the Metsä Group Plus service. The President and CEO's other business targets included strategic programmes improving the mills' environmental and climate performance by improving resource efficiency and promoting the transition to fossil-free fuels.

The 2023 short-term incentive system was based on the same principles as in 2024. The President and CEO's short-term incentive was EUR 200,595. The incentive was paid in March 2024.

THE PRESIDENT AND CEO'S SHORT-TERM INCENTIVE TARGETS AND INCENTIVES FOR 2023 AND 2024

President and CEO's incentive targets				President and CEO's incentive targets			
	Weight, %	Actual %, before the MG EBIT multiplier ¹⁾	Actual in euros, taking the MG EBIT multiplier into account ²⁾		Weight, %	Actual %, before the MG EBIT multiplier ¹⁾	Actual in euros, taking the MG EBIT multiplier into account ²⁾
2024	Sustainability targets	7	55	0	2023	Sustainability targets	6
	Financial targets	5				20	
	Other business targets	38				24	
	EBIT target	50				50	
	Total	100				100	200,595

¹⁾ The targets are assessed on a scale of 0–200, where 100% means that target is reached.

²⁾ The remuneration, taking Metsä Group's EBIT multiplier into account. For 2024, no performance bonus was paid as the incentive system's threshold value was not reached. In 2023, the actual EBIT multiplier was 0.82.

In 2019, Metsäliitto Cooperative's Board of Directors decided on a long-term performance-based incentive system using synthetic shares for 2020–2024. The system consists of three performance periods of three years each. Each performance period is followed by a restriction period of approximately one year. The reward will be paid fully in cash after the end of the restriction period. The amount of the reward is limited. The President and CEO's maximum reward is 250% of their fixed annual base salary (a cut-off level of 325% of the fixed annual base salary).

Any rewards in Metsä Group's long-term incentive system based on synthetic shares, which has been in force since 2020, will be paid after the

restriction period. Therefore, no rewards were paid from Metsä Group's long-term incentive system in 2023. The first payment from the incentive system based on synthetic shares was made in 2024 for the 2020–2022 performance period.

In 2022, Metsäliitto Cooperative's Board of Directors decided on a new long-term performance-based incentive system using synthetic shares for 2023–2027. The system is based on the same principles as the 2020–2024 long-term incentive system, and the President and CEO's reward level has not changed.

PERFORMANCE PERIODS OF THE LONG-TERM PERFORMANCE-BASED INCENTIVE SYSTEMS AND INCENTIVES PAID TO THE PRESIDENT AND CEO

Performance period	Year of payment	Criteria, %	Weight, %	Actual, %	Reward paid to president and CEO, euros
2020–2022	2024	Roce ¹⁾	100	100	2,379,205
2021–2023	2025			100	1,777,051 ²⁾
2022–2024	2026			60	
2023–2025	2027			Not yet known	
2024–2026	2028			Not yet known	

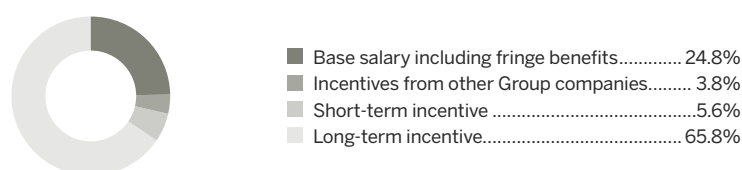
¹⁾ Metsä Group's three-year average ROCE. Furthermore, minimum values have been set for the equity ratio and operating result.

²⁾ The reward will be paid in March 2025.

The variable pay (short- and long-term incentives) constitutes a significant part of the President and CEO's remuneration. The relative portions of variable pay and the fixed annual base salary are shown in the graph right.

The President and CEO's retirement age is determined in accordance with the Employees Pensions Act. The President and CEO has also been covered by a supplementary defined benefit pension insurance, and he reached the retirement age of 62 years defined in the supplementary pension arrangement in 2023. Insurance premiums contributing to the supplementary pension are therefore no longer paid to the supplementary pension arrangement. After the retirement age, the supplementary pension arrangement may incur index increase fees. In 2024, the index increase fee was EUR 498,905. No other significant financial benefits were paid to the President and CEO in 2024.

THE BREAKDOWN OF THE PRESIDENT AND CEO'S REMUNERATION INTO FIXED BASE SALARY, INCENTIVES PAID BY OTHER GROUP COMPANIES, SHORT-TERM INCENTIVE AND LONG-TERM INCENTIVE IN 2024





Growth, with a future

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