



# MODERN SLAVERY ACT TRANSPARENCY STATEMENT FOR THE FINANCIAL YEAR 2019

---

This statement, made in accordance with the section 54 of Modern Slavery Act 2015, outlines the steps Metsä Group has taken during the financial year 2019 to ensure that slavery and human trafficking is not taking place in any part of our own business or in our supply chain. Slavery, forced or compulsory labour, child labour, servitude and human trafficking (Modern Slavery) are global and growing issues for which no industry is immune to. Metsä Group is committed to social and environmental responsibility and has zero tolerance towards any form of Modern Slavery. The concrete actions taken to ensure that we live up to this commitment should be viewed in the light of our larger efforts to encourage the transparency, accountability and sustainability of our own operations and our supply chain.

## Our Business

Metsä Group is a forerunner in sustainable bioeconomy utilising renewable wood from sustainably managed northern forests. Our business operations cover the entire value chain for wood. Metsä Group focuses on wood supply and forestry services (Metsä Forest), wood products (Metsä Wood), pulp and sawn timber (Metsä Fibre), fresh fibre paperboards (Metsä Board) and tissue and greaseproof papers (Metsä Tissue).

Metsäliitto Cooperative is the parent company of Metsä Group. It is owned by approximately 103,000 Finnish forest owners. Metsä Group consists of Metsäliitto Cooperative's two businesses Metsä Wood and Metsä

Forest, and its subsidiaries Metsä Tissue, Metsä Board and Metsä Fibre. Metsä Group operates internationally in some 30 countries and has manufacturing facilities in eight countries in Europe, including the UK. Metsä Group's sales totaled EUR 5.5 billion in 2019 and it employs approximately 9,300 people.

## Our Operations in the UK

In the UK, Metsä Group's companies sell tissue products, greaseproof papers, paperboard, pulp and timber products originating from our European manufacturing sites. Wood is the main raw material used in our production. In order to ensure that all the wood used for manufacturing purposes originates from sustainable sources and suppliers, all of our production sites are third party chain of custody certified (PEFC and/or FSC). This ensures full traceability of wood, our main raw material. These forest certification schemes also have strict requirements for labour conditions.

In addition to products manufactured by Metsä Group, Metsä Wood UK also sells timber and timber products sourced from Europe, Asia and South America. Metsä Wood UK ensures transparency of its supply chain from all its direct suppliers through third party verified PEFC and FSC chain of custody systems.

## Code of Conduct - Our Own Operations and the Supply Chain

Metsä Group is committed to respecting internationally recognised human rights and continuously develops its operations in alignment with the UN Guiding Principles on Business and Human Rights (UNGP). Metsä Group's Code of Conduct sets the minimum requirements applied with respect to our employees and Metsä Group as an organisation. Metsä Group Code of Conduct was renewed in May 2019. The new Code of Conduct places special emphasis on human rights, including the prohibition of Modern Slavery.

Extensive training on the revised Code of Conduct has taken place both in classrooms as well as online. In 2019, the share of personnel that had been trained in our revised Code of Conduct e-learning was 95%, when the target is 100%. In addition to the new e-learning course, a global classroom training programme was designed to give deeper insight into business ethics, human rights and the possibility for an open discussion. In 2019, nearly 3000 Metsä Group employees participated in these supplementary Code of Conduct classroom trainings.

Together with renewed Code of Conduct launch we also opened Metsä Group's Compliance and Ethics Channel for our own employees as well as any external stakeholders, such as customers or suppliers, to raise concerns on unethical conduct.

Metsä Group's Code of Conduct for Suppliers provides common ethical guidance for our suppliers. The Code of Conduct for Suppliers sets the minimum requirements for our suppliers in terms of compliance with applicable legislation, ethical business and sustainability. Further, our Code of Conduct for Suppliers emphasises the respect for human rights as well as actions against corruption and bribery. We expect all of our suppliers to commit to the Metsä Group Code of Conduct for Suppliers. As of October 2015, our Code of Conduct for Suppliers has been strengthened to include a prohibition of Modern Slavery.

Since 2003, Metsä Group has been a signatory to the UN Global Compact corporate sustainability initiative and its ten principles in the areas of human rights, labour, environment and anti-corruption. We also acknowledge the UN Sustainable Development Goals (SDGs) and work to develop our operations in close link to them. We report annually our progress in this area in Metsä Group's Sustainability Report.

## Processes and Actions to Prevent Modern Slavery

We continuously assess and aim to develop our methods of detecting human right impacts in our own operations and in our supply chain. Metsä Group is committed to investigate and to apply appropriate remedial actions with respect to any suspected Modern Slavery related violation.

In 2017, we initiated a human rights impact assessment process to deepen our understanding of the actual and

potential human rights impacts resulting from our operations. Based on the results, we have continued to develop our operations and processes further in order to prevent more efficiently any adverse impacts on human rights resulting from our operations.

Procurement process is one of Metsä Group's core processes. During 2019, we renewed our key procurement processes and ensured that supplier sustainability is fully integrated in the processes. For example, in sourcing long range planning we have increased focus on category and supplier sustainability risk identification and action planning, with increased emphasis on forced labour prohibition. In sourcing process we have created a process to identify and evaluate new and existing suppliers from compliance and sustainability point-of-view, and started to develop the supplier auditing process. In addition, we have planned internal process controls which we test regularly to ensure that the processes are implemented.

Ensuring supplier sustainability is one of the key sustainability targets of Metsä Group. In 2019 we described the key performance indicators we follow. Our target is that all our suppliers commit to Metsä Group Code of Conduct for Suppliers and to ensure that their suppliers commit to the same criteria. In 2019, 93 % of our purchasing spend of external suppliers was covered by Metsä Group Code of Conduct for suppliers and it was included in 1243 contracts in 2019.

We also measure the share of suppliers whose compliance has been validated by a third party source. In 2019, we had conducted compliance analysis to 77 % of our purchasing spend of external suppliers. One important goal of the compliance analysis is to identify human rights violations related to our business partners and take necessary actions in case of actual or suspected violations. The initial scope of the process covered areas where we have considered that raised attention needs to be paid to manage Modern Slavery risk exposure. Such included screening of suppliers located in high risk countries, logistics service providers and our most important suppliers. In 2019, the scope has been extended to cover also other suppliers. In 2019, no cases concerning Modern Slavery were identified via this process or any other channel.

Supplier sustainability is further evaluated via self-assessment questionnaires and audits. In 2019, 53 % of our suppliers based on our purchasing spend of external suppliers have been evaluated. Evaluation criteria includes the actions that the supplier has in place for preventing forced labour and human trafficking.

In 2019, we organized Supplier day event for our suppliers in which almost 100 suppliers participated. The emphasis on the event was on sustainability. At the event we introduced Metsä Group's strategic sustainability objectives and encouraged our suppliers to help us reach these goals, as well as highlighted the responsibility requirements for suppliers including e.g. prohibition of forced labour.

We understand that Modern Slavery risk is not static and that further risk mitigation activities as well as training are required in the years ahead. In addition to this annually published statement, further information is available in Metsä Group's Sustainability Report.

This statement has been approved by the Board of Directors of Metsäliitto Cooperative, the parent company of Metsä Group, and constitutes the Modern Slavery Act Transparency Statement for the relevant group companies.



**Ilkka Härmälä**  
President and CEO  
Metsä Group

---

**Make the most of Metsä**



Metsä Group is a forerunner in sustainable bioeconomy utilising renewable wood from sustainably managed northern forests. Metsä Group focuses on wood supply and forest services, wood products, pulp, fresh fibre paperboards and tissue and greaseproof papers. Metsä Group consists of Metsäliitto Cooperative, its two businesses Metsä Wood and Metsä Forest, and its subsidiaries Metsä Tissue, Metsä Board and Metsä Fibre.

[www.metsagroup.com](http://www.metsagroup.com)