

Metsä Board
Climate transition plan 2024



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Climate action through cooperation

RECENT UNITED NATIONS STUDIES indicate that global emission trends are deviating from the pathways needed to meet the Paris Agreement's temperature goals, with the window to change course rapidly closing. The burning of fossil fuels such as oil, coal and natural gas remains the primary driver of climate change, and in 2023, global fossil fuel consumption reached a record high.

Climate work starts with ambitious target setting. Our 2030 sustainability targets keep us committed to safeguarding biodiversity, mitigating climate change and promoting the sustainable use of natural resources, healthy workplace communities, and ethical operations. Our target of fossil-free production and products is certainly ambitious, but we are well on the way. In 2024, 89 per cent of the energy used by Metsä Board was fossil-free, and 99 per cent of our raw materials originated from fossil-free sources. As part of Metsä Group, we've also adopted regenerative forestry principles and our ambition is to go beyond what current forest certifications require. Additionally, we want to be able to verify the positive effects of our actions on forest biodiversity.

While we've made significant progress, there's more to be done. To plan ahead, we've created roadmaps with mill-specific actions and necessary investments. For example, the ongoing investment at our Simpele mill will enable us to replace fossil fuels with renewable fuels in board production, and the recent investment at the Kyro mill has increased the share of fossil-free electricity generated by the mill's biopower plant to 50 per cent of the mill's electricity consumption.

And finally, it's about value chain collaboration. By successfully reducing our greenhouse gas emissions, we can also decrease the carbon footprint of our paperboards. This benefits our customers, many of whom have ambitious climate targets. Through close collaboration with our customers, suppliers and partners, we can jointly develop and implement meaningful and impactful carbon reduction initiatives. Leveraging expertise, life cycle assessments and design collaborations are some examples of the support we can provide.



Transparency and trust are the cornerstones of all sustainability work. By openly sharing our targets, actions and progress, our sustainability reporting helps set clear expectations for what our stakeholders can anticipate from our ongoing efforts. It is therefore recommended to read the Climate transition plan alongside our 2024 Sustainability statement to get a complete picture.

Metsä Board's Climate transition plan presents our strategic ambition and governance on climate matters, as well as our investments and climate actions related to production, products and the value chain. Our transition plan is aligned with Metsä Group's Climate transition plan. Our common strategic aim is to create growth with a future, and climate change mitigation and ensuring climate resilience of our strategies are among the key priorities. Metsä Board's Corporate Management Team approved the Climate transition plan in 2024, and the plan was reported to the Board of Directors. This plan documents our climate commitment and emphasises what we can achieve through collaboration.

Mika Joukio

CEO

This is Metsä Board

Producer of premium lightweight paperboards

Metsä Board is a leading European producer of premium lightweight paperboards. Our product range covers lightweight folding boxboards, food service boards and white kraftliners. Used in consumer and retail packaging, the Metsä Board portfolio offers solutions for demanding packaging end uses such as food and beverages, food service, beauty care, healthcare, consumer electronics and graphic applications.

We help our customers to reduce the use of plastics and the carbon footprint of their packaging through resource-efficient and recyclable materials and packaging solutions.

Our paperboards are made from fully traceable fresh wood fibre originating from forests that are either certified or meet the criteria of controlled origin. As part of Metsä Group, a Finnish forest industry group, we benefit from a unique value chain from Northern European wood fibre to high-quality end products.

We are part of Metsä Group

All Metsä Board's wood supply is handled by Metsä Group. The wood we use is sourced from Northern European forests, mainly from Finland and Sweden. We are committed to the principles of regenerative forestry. Metsä Board's ownership (24.9%) in Metsä Fibre secures self-sufficiency in pulp and enables the growth of paperboard business.

Metsä Group's parent company Metsäliitto Cooperative is composed of over 90,000 Finnish forest owners. Metsä Group has five business areas – Wood Supply and Forest Services, Metsä Wood, Metsä Fibre, Metsä Board, and Metsä Tissue – and the innovation company Metsä Spring. Metsä Board is listed on the Nasdaq Helsinki Stock Exchange.

We work to mitigate climate change

By 2030, our mills will have zero fossil-based CO₂ emissions, and our products will be made entirely from fossil-free materials.



Our operations

8 Our highly efficient production units in Finland and Sweden are located close to the forests that are the source of our most important raw material: high-quality wood fibres.

90 We deliver to approximately 90 countries on all continents.

No 1

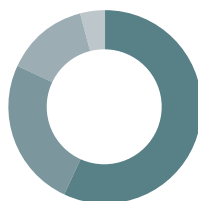
- in folding boxboards and white kraftliners in Europe
- in coated white kraftliners in the world

2,290
employees

1.9 EUR bn
Sales in 2024

2.3 Mt
Annual paperboard production capacity

1.7 Mt
Annual production capacity of high-yield (BCTMP) and chemical pulp



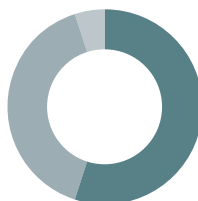
Sales split by product
% of sales in 2024

Folding boxboard	57
White kraftliners	25
Market pulp	14
Other	4



Sales split by region
% of sales in 2024

■ EMEA	67
■ Americas	27
■ APAC	6



End use of folding boxboard in 2024

- Food and food service packaging
- Other consumer product packaging
- Graphical end use



End use of white kraftliners in 2024

- Various retail packaging solutions
- Other consumer product packaging
- E-commerce

Metsä Board's Climate transition plan towards 2030

Climate transition plan presents our strategic ambition and governance on climate matters, as well as our investments and climate actions related to production, products and the value chain.

Key 2030 targets

- 0 tonne fossil-based Scopes 1 and 2 CO₂ emissions
- 30%/tkm reduction in greenhouse gas emissions from logistics purchased by Metsä Board from the 2022 level (Scope 3, category 4)
- Other climate-related targets (energy efficiency, water use, waste, forestry)
- In line with the EU Corporate Sustainability Due Diligence Directive, Metsä Board will set an absolute Scope 3 reduction target, and thus a total emissions reduction target (Scopes 1, 2 and 3) aligned with the 1.5 °C goal of the Paris Agreement

Key advocacy areas

- Promoting regenerative forestry
- Promoting use of renewable raw material, wood, as an alternative to fossil-based packaging materials and to reduce plastics use
- Promoting use of fibre-based packaging materials to boost materials' circular economy





1. Strategic ambition and building resilience

- Climate change mitigation and adaptation
- Metsä Board strategy
- Climate resilience

Climate change mitigation and adaptation

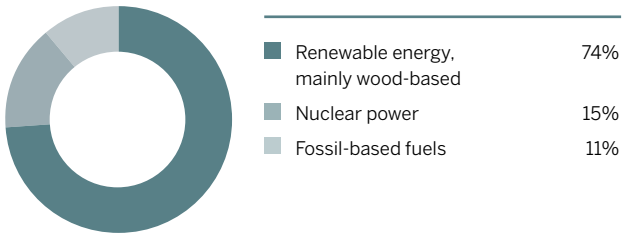
Accelerating fossil-free production and products

Metsä Board's strategy is to grow in fibre-based packaging materials and renew our industrial operations. The company's paperboards made from renewable wood fibre have important properties for climate change mitigation and a low-carbon economy, including the potential to reduce the use of fossil-based raw materials and lower the carbon footprint of packaging solutions compared to alternatives. Climate benefit is an integral part of the value proposition of our products.

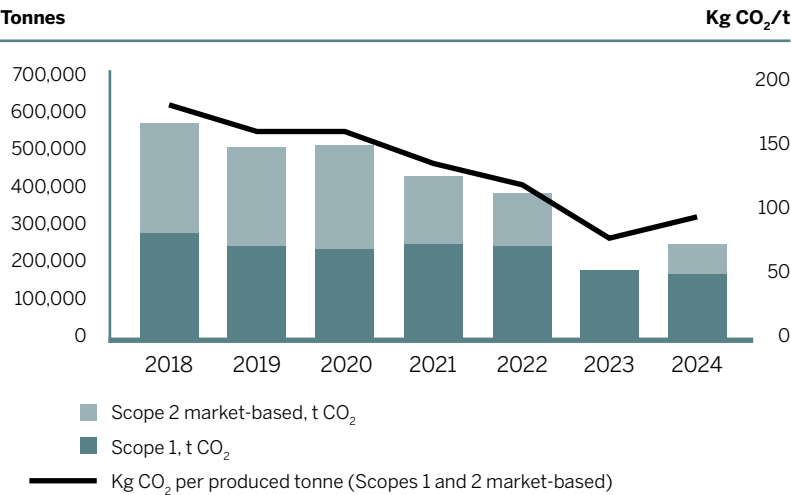
In 2018, Metsä Board set the 2030 sustainability targets, many of which are related to climate change mitigation. Most importantly, Metsä Board aims to have fossil-free production and products by 2030, meaning that by then our own mills won't use any fossil-based energy or any fossil-oil based raw materials or packaging materials. This also means zero fossil-based CO₂ emissions from our mills. As an energy-intensive industry, we also focus on improving energy efficiency in our production.

Our own operations (Scopes 1 and 2) account for approximately 13 per cent of our total GHG emissions, while 87 per cent arise from other parts of the value chain (Scope 3). To reduce the value chain emissions, commitments to emissions reduction targets have been agreed between Metsä Group and its suppliers.

89% of our total energy use is fossil-free.
Total energy consumed in 2024, 8.3 TWh



Our fossil-based CO₂ emissions (Scopes 1 and 2) have decreased by 56% since 2018



1. Strategic ambition

Climate change and biodiversity loss are intertwined

Wood-based value chains offer unique opportunities to support the shift to more sustainable business models and the circular economy. When managed responsibly, it is possible to sustain net growth of forests while still using wood-based resources.

Climate change and biodiversity loss are intertwined and must be addressed together. As our business depends on the health of northern forests, Metsä Board, as part of Metsä Group, has been committed to advance regenerative forestry since the spring of 2023. The aim is to verifiably improve the state of Finnish forest nature by 2030.

Due to climate change, Finnish forests have to deal with a significant temperature increase and related environmental factors that strain the health of forests. Measures strengthening the resilience of forests therefore play a key role from the perspectives of the economy, climate impacts and biodiversity.



Metsä Board strategy

Climate work is tightly integrated into the business

At Metsä Board, climate change mitigation and adaptation are integrated into business operations and strategic goals.

The company implements its strategic programmes, including growth and development investments, which improve the production and resource efficiency of mills and reduce the carbon footprint of paperboard products.

Several shareholders of Metsä Board value long-term climate work and continuous development. This is also important for the owner members of Metsä Board's largest shareholder, Metsäliitto Cooperative.



<h3>Purpose</h3> <p>Advancing bioeconomy and circular economy by efficiently and sustainably processing northern wood into first-class products.</p>	<h3>Vision</h3> <p>Preferred supplier of innovative and sustainable fibre-based packaging solutions, creating value for customers globally.</p>	<h3>Values</h3> <ul style="list-style-type: none">• Reliability• Cooperation• Renewal• Responsible profitability	<h3>Strategy</h3> <p>We grow in fibre-based packaging materials and renew our industrial operations.</p>	<h3>Our strategic programmes</h3> <ul style="list-style-type: none">• Premium supplier• Effective innovation• Safe and efficient operations and organic growth• Leader in sustainability• Motivated people
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Climate resilience

Assessment of climate-related risks and opportunities as a basis for resilience analysis

In 2024, Metsä Board as part of Metsä Group, carried out a comprehensive climate risk assessment, which covered physical risks, transition risks and opportunities in Metsä Board's own operations and in the value chain.

In the assessment, two climate scenarios of the Intergovernmental Panel on Climate Change IPCC (RCP 1.9 and RCP 8.5), reports from the Finnish Meteorological Institute and scientific articles were utilised. In the RCP 1.9 scenario, the global average temperature rise is limited to 1.5 degrees, and in the RCP 8.5 scenario, emissions increase at the current rate, and the global average temperature rises by an average of 4.3 degrees by 2100.

The analysis included short-term (less than one year), medium-term (1–5 years) and long-term (more than 5 years) reviews. Metsä Group's continuous advocacy work and the related analysis of the operating environment played a key role in assessing transition risks. Internal climate risk workshops were attended by experts and management from Metsä Group's business areas and operations, including Metsä Board. The key identified risks were included in the company-level risk management process.



The physical climate risks of Metsä Board's production facilities and key supply chain locations were analysed by an external partner in 2024.

According to the results, the climate risks to Metsä Board's production facilities are not significant. Based on this, the location of our production facilities supports our competitiveness in a changing climate. The analysis was done with modelling based on geolocations with several different climate scenarios, and it included 2030 and 2040 in addition to the present.

Based on scientific studies, it is forecast that Finnish forests will face a temperature rise of several degrees during their lifetime due to climate change. Adapting to climate change requires adapting to both acute threats such as extreme weather phenomena and chronic threats resulting from the effects of climate change on tree harvesting conditions, the growth conditions of different tree species, or the destruction of forests by storms, droughts, forest fires, insects and fungi, for example.

The main results of the climate risk assessment and risk management measures are presented in the tables on pages 11–13. Climate risks and opportunities are presented in more detail in Metsä Board's Sustainability statement 2024.

1. Strategic ambition

Key transition risks and opportunities

Type	Description of the risk/opportunity	Impact analysis in two climate scenarios: IPCC 1.5 °C and 4.3 °C	Key mitigating actions
Policy and regulation	<ul style="list-style-type: none"> Availability of wood raw material decreases due to impractical or conflicting or overlapping regulatory requirements Nature and carbon compensation schemes justify the continued use of fossil raw materials and weaken the market of wood-based products. However, these schemes provide opportunities to increase forest health and growth. Changes in legislative environmental objectives considerably increase material and logistics costs. However, these objectives motivate our logistics partners in their climate work, which reduces our Scope 3 emissions. Uncertainty of the status of renewable raw materials in upcoming EU product policies. 	<ul style="list-style-type: none"> In general policy, risks and opportunities are greater in 1.5 °C scenario than in 4.3 °C scenario. However, the risk of unclear and confusing regulation is also high in 4.3 °C scenario. Conflicting or overlapping forestry-related EU regulatory requirements can lead to suboptimal forest management: in both scenarios, there is a risk that the benefits of seminatural Nordic forestry based on native tree species are not fully recognised 	<ul style="list-style-type: none"> Commitment to regenerative forestry principles Main raw material, wood, is procured mainly from Finnish and Swedish forests, which keeps transport journeys reasonable. Targets set to reduce logistics-related emissions Science-based advocacy work.
Technology and data	<ul style="list-style-type: none"> Challenges in obtaining primary data for Scope 3 emission calculations weakens the ability to maximise, monitor and communicate about the impacts of climate actions across value chains. R&D, technological development and partnerships enable us to further improve our energy and material efficiency and utilisation of side streams. 	<ul style="list-style-type: none"> In 4.3 °C scenario, value chain's motivation to produce and share information about emissions is low. Measuring Scope 3 emissions and committing the value chain to emissions reductions is thus more difficult than in the 1.5 °C scenario. Partnerships and funding for development and R&D projects aiming at climate benefits are more difficult to find in 4.3 °C scenario than in 1.5 °C scenario 	<ul style="list-style-type: none"> Continuous development of Metsä Board's Scope 3 calculation procedures Common climate targets with key partners Participation in R&D forums and advocating for funding programmes related to wood-based products with climate benefits.
Market	<ul style="list-style-type: none"> Customers' climate targets and increasing consumer awareness of climate change increase the market opportunities of wood-based products produced with high resource efficiency and renewable energy. In the longer term, biogenic CO₂ captured from bioproduct mills can provide a new stream of wood-based raw material. Development of bio-CCU value chains depends on upcoming regulation. 	<ul style="list-style-type: none"> In 4.3 °C scenario, customers' interest in climate benefits is limited, so market opportunities are smaller than in 1.5 °C scenario In 1.5 °C scenario, specific market pull for products which store biogenic carbon +35 years due to EU regulatory framework on carbon removals 	<ul style="list-style-type: none"> Collaboration with customers: co-creation of climate-smart solutions fulfilling customers' needs Providing sustainability data on Metsä Board's products Providing sustainability services.
Reputation	<ul style="list-style-type: none"> Volatile acceptance of utilising fresh wood fibres in short-term products Inability to provide stakeholders with adequate proof of the climate and nature benefits of regenerative forestry and Metsä Board's products 	<ul style="list-style-type: none"> In 4.3 °C scenario, failure to provide impact data, and stakeholders have become more indifferent In 1.5 °C scenario, anticipated success in providing impact data on climate and nature benefits 	<ul style="list-style-type: none"> Fact-based communication and development of impact metrics related to regenerative forestry and Metsä Board's products Optimising the recyclability of fresh fibre products

1. Strategic ambition

Key physical climate risks

Type	Description of the risk/opportunity	Impact analysis in two climate scenarios: IPCC 1.5 °C and 4.3 °C	Key mitigating actions
Acute	<ul style="list-style-type: none"> Storms, droughts and floods cause interruptions in production or hinder the transport of raw materials and products Analysis of the physical risks of production facilities carried out in 2024 showed that Metsä Board's production facilities have significantly lower physical risks than average, which supports the Group's competitiveness in a changing climate. 	<ul style="list-style-type: none"> Risks are considerably bigger in 4.3 °C scenario than in 1.5 °C scenario 	<ul style="list-style-type: none"> Continuous risk management at company and production site level: for example, adequate wood stocks, water level management with dam systems and ensuring electricity distribution in exceptional situations. In the supply chain, provision is made for alternative partners or transport routes.
Chronic	<ul style="list-style-type: none"> Conditions for wood harvesting are deteriorating due to the lack of snow and frost and increasing precipitation During their lifetime, Finnish forests will face a significant increase in temperature. As a result, the risks of damage caused by storms, floods, snow, forest fires, drought and pests increase. Emissions from peatland forests increase as the temperature rises. In addition, there are changes in the prevalence of tree species, and alien species cause problems in forests. 	<ul style="list-style-type: none"> In different parts of the globe, the temperature rises in different ways as a result of climate change. In the 4.3 °C scenario, the rise in Finland in the long term (2050) is expected to be 6–7 °C. The impacts of risks are more likely and greater in the long term than in the short term. In 1.5 °C scenario, the expected rise in average temperature is lower, but still significant 	<ul style="list-style-type: none"> Metsä Group's wood supply always considers weather conditions and related changes in harvesting. Wood is harvested only in suitable conditions. If required, wood terminals can be used to smooth out any variation caused by harvesting conditions. Metsä Group's regenerative forestry strategy and forest management services support forests' adaptation to climate change and advance forest biodiversity. A tangible example is Metsä Group Plus service.

Financial impacts of climate-related risks and opportunities

Financial impact	Negative	Positive
	<ul style="list-style-type: none">• Metsä Board’s main transition risks concern the regulation related to the use of forests and wood-based energy which, if realised, can result in increased costs• Due to the Renewable Energy Directive II (RED II) is expected that after 2025, free allowances will no longer be allocated to mills at which sustainable biomass incineration accounted on average for more than 95 per cent of the mill’s GHG emissions in 2019–2023. The EU Emissions Trading Systems is being updated, and based on current knowledge, free emission allowances will be phased out entirely after 2030. More information about emission rights can be found in Metsä Board’s Financial Statements in the Intangible Assets section.	<ul style="list-style-type: none">• The location of Metsä Board’s production units is a strength in a changing climate in terms of potential financial impacts<ul style="list-style-type: none">• Adaptation to climate change is estimated to be a less relevant issue for Metsä Board based on the climate risk analysis of physical risks carried out by an external partner in 2024• In the production units, no stranded assets have been identified as subject to a significant transition risk or losing their value due to regulation related to the green transition, for example• The key opportunity is that Metsä Board’s paperboard products can reduce the use of fossil-based packaging materials and the carbon footprint of packaging solutions. Capture of bio-based CO₂ in the pulp mills and its possible end uses in the chemical industry and hydrogen economy are under investigation in Metsä Group and may serve future opportunities.

Climate resilience of the strategy

The ability of Metsä Board's strategy to respond to climate change was determined in 2024 with a climate resilience analysis, which was carried out as part of Metsä Group's resilience analysis.

The resilience analysis covered Metsä Board's and Metsä Group's own operations and the value chain. The strategy's resilience was evaluated by comparing its ability to adapt and transform against the essential climate risks and opportunities identified in the comprehensive climate risk assessment carried out in 2024.

The resilience analysis showed that Metsä Board invests in building both adaptive and transformative capacities, which strengthens the climate resilience of the business.

A key uncertainty factor related to resilience analysis is the weak predictability of EU legislation. The uncertainty is increased because many important details are regulated in delegated acts separate from the directive and regulation texts. Another significant uncertainty factor is the assessment of the adaptability of complex natural ecosystems such as forests to climate change.

The resilience analysis was used in the preparation of the climate transition plan. Metsä Group Executive Management Team and the Corporate Affairs function were responsible for the analysis and preparation of the transition plan. Metsä Group Sustainability Process Management Team served as the steering group.

The CEO of Metsä Board is a member of the Metsä Group Executive Management Team. The SVP, Development acts as Metsä Board's representative in the Sustainability Process Management Team. Metsä Board's Corporate Management Team approved the climate transition plan in 2024. In addition, the plan was reported to the company's Board.

Building adaptive and transformative capacities

Adaptive capacity	Transformative capacity
<ul style="list-style-type: none">• Ability to be flexible• Gradual small changes to mitigate and adapt to climate change, mainly in the company's own operations <p>Examples:</p> <ul style="list-style-type: none">• Taking weather conditions and their variation in harvesting into account• Partial electrification of energy use in production	<ul style="list-style-type: none">• Ability to drive wider change as part of sustainability transformation• Making a change at the system level, not just in the company's own operations <p>Examples:</p> <ul style="list-style-type: none">• Implementing regenerative forestry• Fossil-free products reduce dependency on fossil-oil based raw materials through substitution



Summary of the resilience analysis of Metsä Board's strategy

	Strengthening the capacity for adaptive change	Strengthening the capacity for transformation
Forests	Metsä Group Wood Supply and Forest Services: <ul style="list-style-type: none"> Forest services that enable climate change mitigation and adaptation Adaptation to climate change conditions in harvesting operations Reducing use of fossil fuels, as well as backup fuels in harvesting and wood transports 	Metsä Group Wood Supply and Forest Services: <ul style="list-style-type: none"> Development of regenerative forestry Actions and targets to increase carbon sequestration in forests
Production	Metsä Board: <ul style="list-style-type: none"> Use of fossil-free energy and high level of self-sufficiency in energy production brings stability in operations Electrifying part of the energy use in production Improving raw-material, energy and water efficiency Development projects to optimise the products and technologies used to meet the 2030 sustainability targets 	Metsä Board: <ul style="list-style-type: none"> Further developing the bioproduct concept with Metsä Group Developing low-carbon processes in operations with machine and equipment suppliers Utilisation of side streams and minimising waste to landfill Regenerative land use in mill areas: biodiversity development plans
Products	Metsä Board: <ul style="list-style-type: none"> Fresh fibre focus of the strategy: using fresh fibre enables reduced use of water and chemicals compared to recycled fibre 	Metsä Board: <ul style="list-style-type: none"> Fossil-free products reduce dependence on the use of fossil-oil-based raw materials Continuously reducing carbon footprint of paperboards enables Metsä Board's customers to reduce their emissions: lightweight, recyclable and resource-efficient products for the packaging industry

Cross-cutting themes

Further development of the operational culture based on cooperation and partnerships	Reduction of GHG emissions with customers and suppliers	Strategic R&D programmes for fossil-free raw materials, barriers and coatings, side streams, fibre-based products, and optimal use of northern wood	Strategic HR programmes to improve the resilience of personnel, teams and organisation
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A close-up photograph of a tree branch with several bright green, serrated leaves. The leaves are in sharp focus, showing their veins, while the background is a soft, out-of-focus green. The lighting is bright, suggesting a sunny day.

2. Climate-related targets

- **Greenhouse gas emissions**
- **Climate-related targets**

Metsä Board's greenhouse gas emissions

Our GHG baseline

Metsä Board's environmental management and performance is guided by Metsä Group's Environmental Policy and the requirements of the production units' certified quality, environmental and energy management systems (ISO 9001, 14001, 50001).

Metsä Board's greenhouse gas emissions from its own operations (Scopes 1 and 2) originate especially from the pulp mill's and the power plants' combustion process and from the generation of purchased energy. Clearly, the largest and most important categories of value chain emissions (Scope 3) include Cat 1 Purchased goods and services, Cat 4 Upstream transportation and distribution, Cat 10 Processing of sold products, and Cat 12 End-of-life treatment of sold products.

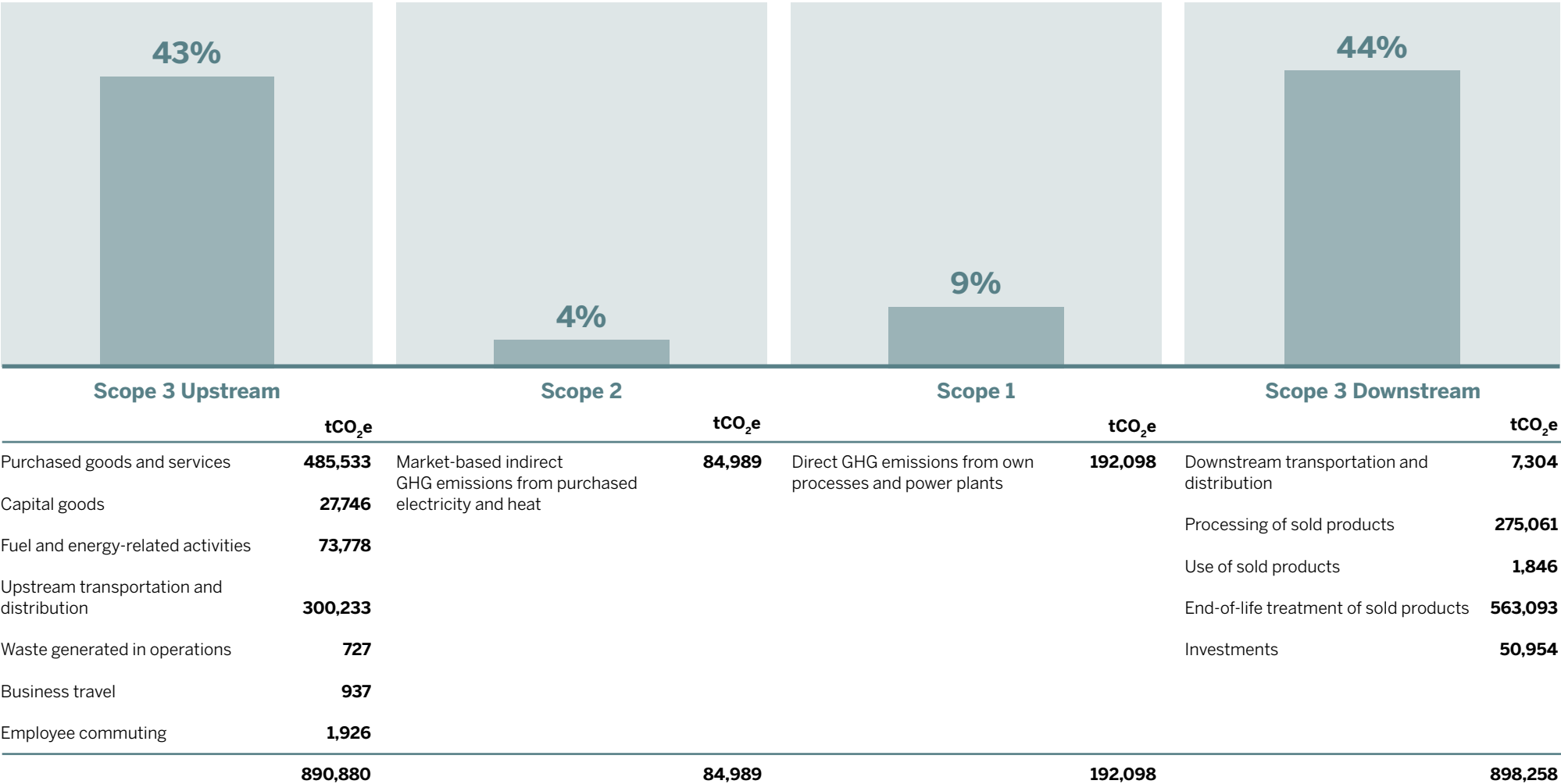
The company's greenhouse gas emissions for all Scopes are calculated and reported in accordance with the GHG Protocol's accounting and reporting standards and verified by an external third party as part of the annual verification of sustainability information.

Measuring Scope 3 GHG emissions is often challenging and relies on many estimates and information from third parties. Collaboration within the value chain is key to having access to more complete and accurate data and developing ways to accelerate Scope 3 emissions reductions. Part of Metsä Board's Scope 3 emission data is based on supplier-specific data, while part of the data is based on prevailing globally available data. We are continuously improving our GHG emission calculations in collaboration with our partners.



2. Climate-related targets

Metsä Board's total greenhouse gas emissions 2,066,225 tonnes CO₂e in 2024 (Scopes 1, 2 and 3)



Metsä Board's climate-related targets

2030 sustainability targets

Metsä Board's 2030 sustainability targets have guided the company's work since 2018. The targets were updated in 2023 and 2024 based on the material topics defined as the outcome of the double materiality assessment. The double materiality assessment is updated annually, with attention paid to the requirements of the EU's Corporate Sustainability Reporting directive.

Metsä Board's material climate-related topics include:

- Mitigating climate change and adapting to it
- Improving resource-efficiency
- Enhancing the state of forest nature



2. Climate-related targets

Emissions reduction targets and other climate-related targets

Metsä Board is committed to the green transition by transferring to the use of solely fossil-free fuels, switching purchased electricity and heat to fossil-free alternatives only, and by seeking fossil-free alternatives to all the raw materials and packaging materials the company uses.

Metsä Board's other sustainability targets that bring climate benefits concern energy efficiency, process water use and process waste delivered to landfills. The forest-related targets are mainly set at Metsä Group level, and their status are reported in the forest section on page 39.

Metsä Board's climate-related targets

	2030 Target	2024	2023	2022	2018 Base year
Direct fossil-based carbon dioxide emissions (Scope 1), tCO ₂	0 t	169,429	181,339	244,139	288,579
Indirect fossil-based carbon dioxide emissions (Scope 2 market-based), tCO ₂	0 t	82,279	2,261	147,081	289,296
Share of target group suppliers with targets set in accordance with the SBTi by 2024 (Scope 3)*, %	70%	24	19	15	4.3
Fossil-free raw materials and packaging materials, share of dry tonnes, %	100%	98.9	98.8	98.8	-
Improvement in energy efficiency from the 2018 level, %	10%	+0.9	-5.8	+2.7	2.36 MWh/t
Reduction in process water use per produced tonne from the 2018 level, %	-35%	-11	+3.5	-11	21 m ³ /t
Process waste delivered to landfills, t	0 t	267	1,164	130	-

*The target year of Scope 3 is 2024 and the base year is 2019.

2. Climate-related targets

Scope 1 and Scope 2 targets by 2030

Metsä Board set absolute emissions reduction targets for Scope 1 and Scope 2 (market-based) in 2018 with the goal of reaching fossil-free operations, i.e. to reduce the Scopes 1 and 2 fossil-based CO₂ emissions to “0” by 2030. Metsä Board’s emissions reduction target is approved by the Science Based Target initiative and fulfils the requirements of the Paris Agreement to limit global warming to 1.5 °C compared to the preindustrial period.

To reach the set target, Metsä Board has production-unit-specific roadmaps covering the planned investments and measures for emissions reductions. The roadmaps are presented on pages 29–30.

0 tonnes fossil-based carbon dioxide emissions,
Scope 1 and Scope 2 market-based.

Scope 3 targets

To reduce value chain emissions by 2030, we encourage our suppliers to set emissions reduction targets. The recommendation is part of Metsä Group’s Supplier Code of Conduct and is monitored in supplier assessments and audits. In 2019, Metsä Board set a SBTi-approved Scope 3 target according to which 70 per cent of its non-fibre suppliers and the logistics operators related to the customer deliveries would set themselves targets in accordance with the SBTi by 2024. In 2024, 24 per cent of the suppliers had set these targets.

Metsä Board’s value chain emissions are also curbed by Metsä Group’s joint emissions reduction targets with partner suppliers and the target of reducing GHG emissions from logistics purchased by the company (Scope 3, category 4) by 30% per tonne kilometre from the 2022 level. This target is applicable from 2025 onwards. The roadmap for Scope 3 emissions reductions is presented on page 32.

In line with the EU Corporate Sustainability Due Diligence Directive (CS3D) Metsä Board is preparing to set an absolute Scope 3 emissions reduction target, and thus a total emissions reduction target (Scopes 1, 2 and 3) in accordance with the 1.5 °C goal of the Paris Agreement no later than 2027.

2. Climate-related targets

Towards net zero

If Metsä Board achieves its current Scopes 1 and 2 target, its fossil-based carbon dioxide emissions will already be zero by 2030.

While the target includes only fossil-based carbon dioxide emissions, combusting wood-based biomass also produces small amounts of methane and nitrous oxide which, according to the GHG Protocol for example, are counted as Scopes 1 and 2 emissions along with fossil-based greenhouse gas emissions. According to our estimate, the total amount of Scopes 1 and 2 emissions from biogenic CH₄ and N₂O related to bioenergy will be approximately 30,000 tonnes in 2030.

Metsä Board has not yet set official emissions reduction targets for the period after 2030, but the planning phase for the net zero 2050 path in accordance with the Paris Agreement's 1.5 °C goal is underway, especially regarding our Scope 3 emissions. The EU CS3D imposes an obligation on companies to set a climate path to net zero by 2050. The CS3D application guidelines of the directive, as well as the national implementation, are still underway. As part of Metsä Group, Metsä Board falls under the scope of the directive from July 2027.

To achieve the current emissions reduction targets, we focus on emissions reductions at source, and no carbon credits are currently used to compensate for or balance Metsä Board's emissions. Commonly, carbon credits play a role in balancing residual emissions to reach net zero goals.



The image shows a vast industrial paper mill. In the foreground, a massive roll of white paper is being processed by a yellow machine. The machine has a large horizontal beam and a vertical support. The paper is being unrolled from a large spool. In the background, more rolls of paper are visible, and the ceiling of the mill is high with many lights. The floor is polished and reflects the lights.

3. Investments and measures

- Investments and financial planning
- Production and value chain
- Products and services
- R&D and innovation
- Wood procurement and forestry

Investments and financial planning

Climate investments integrated into strategy-driven investment plans

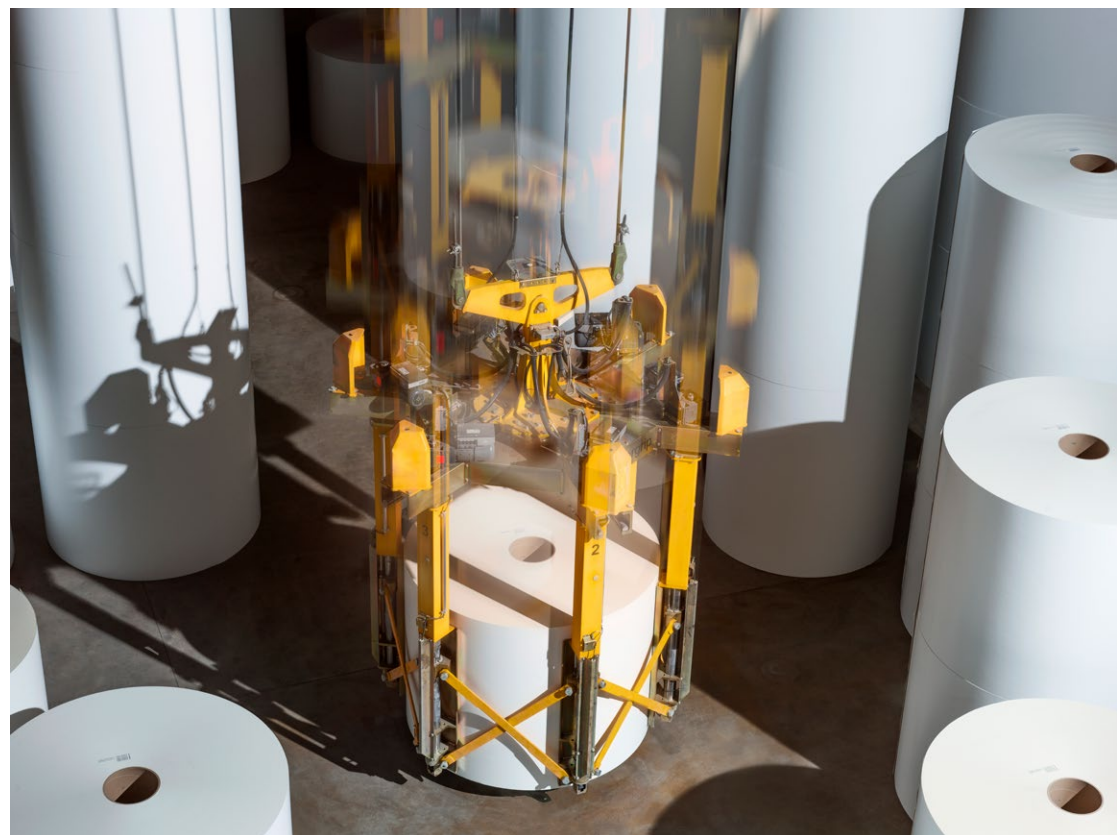
In line with its strategy, Metsä Board invests in the transition to fully fossil-free operations, as well as to further improve its efficiency in the use of raw materials, energy and water. The investments advance packaging solutions that reduce the carbon footprint and the use of plastic. The starting point for the investments is a high level of automation and the best available technology.

A detailed financial amount for investments related to climate change is challenging to calculate, as part of the costs are indirect and created as part of other investments.

The most important investments in recent years to achieve fossil-free production have been the renewal of the recovery boiler and turbine at the Husum pulp mill and the renewal of the turbine at the Kyro board mill. The combined capital expenditure of these investments was approximately EUR 420 million. In addition, Kemi board mill's development programme improved energy and water efficiency. Future investments in the mills include the electrification of boilers and processes that currently still use fossil fuels.

Metsä Board's reporting in line with the EU Taxonomy covering turnover, capital expenditure and operating expenditure is presented in the Sustainability statement 2024. Metsä Board's core business is not currently included in the classification criteria of the taxonomy. The share of taxonomy-aligned turnover is therefore small and not equal to the investments included in the transition plan. The taxonomy-aligned activities are related to the production of heat, cooling and electricity with bioenergy. These activities contribute to the use of renewable energy in line with the Climate transition plan. Metsä Board has no investments in coal, oil or gas.

In 2024, Metsä Board launched programmes focusing on developing new product options, enhancing product quality and advancing existing technologies. The total investment at the Simpele and Kyro board mills is estimated at EUR 250 million over the next 10 years. Investment decisions for the Husum pulp and board mills are still pending.



” Investments improve competitiveness and accelerate the transition to fossil-free production and products.

3. Investments and measures

Recent climate-related investments



Husum pulp mill

- The renewal of the recovery boiler and turbine of the Husum pulp mill, completed in 2023, increases bioenergy generation at the Husum integrated mill and raises the mill's electricity self-sufficiency from 50 to more than 80 per cent.



Kyrö board mill

- The turbine and generator investment at the Kyrö board mill's biopower plant, completed in 2024, increases electricity self-sufficiency from 30 to 50 per cent.



Kemi board mill

- The development programme of the Kemi board mill, completed in 2023, decreases water use by 40 per cent and energy use by 5 per cent per tonne produced.

” We advance packaging solutions that can reduce the carbon footprint and the use of plastic.

Ongoing and planned investments



Simpele board mill

- In 2024, a decision was made to renew the paperboard machine. The investment improves the quality of folding boxboard, increases production efficiency and enables the replacement of fossil fuels in paperboard production.
- The planned investment programme also includes renewals in the mechanical pulp production, in the paperboard finishing area, as well as a new power plant. An investment decision for this part of the programme is still pending.



Kyrö board mill

- Pre-engineering is ongoing to improve the performance of dispersion barrier boards and expand end-use areas.



Husum pulp mill

- A more energy-efficient new pulp drying machine is in the pre-engineering phase.



Husum board mill

- A programme is to be launched to introduce new products on the current white kraftliner production line.
- The goal is to find innovative solutions for the food and food service packaging segment.

Green Financing

Green Finance Framework

Since 2019, Metsä Board has adopted Metsä Group's Green Finance Framework, which enables the issuance of green debt instruments in line with market practices and integrates Metsä Group's 2030 strategic sustainability targets into financing. This Green Financing Framework was updated in July 2024.

The Framework supports the financing or refinancing of environmentally sustainable investments that contribute to Metsä Board's key environmental targets in minimising the impact on climate and nature.

Sustainalytics has given a second-party opinion on Metsä Group's Green Finance Framework.

Metsä Board's financing linked to the sustainability targets

Metsä Board has a bank financing facility consisting of a loan of EUR 100 million (expiring 2026) and a multicurrency revolving credit facility ("RCF") of EUR 200 million (expiring 2027). The margin of the RCF is linked to sustainability criteria that are based on selected Metsä Board 2030 sustainability targets:

- Reduction in specific water consumption
- Reduction in specific energy consumption





Carbon pricing mechanisms

Metsä Board is part of the European emissions trading system. In 2024, Metsä Board's production units were allocated a total of 385,197 tonnes of free emission rights according to the EU Emissions Trading System (EU ETS).

Due to the Renewable Energy Directive II (RED II) is expected that after 2025, free allowances will no longer be allocated to mills at which sustainable biomass incineration accounted on average for more than 95 per cent of the mill's GHG emissions in 2019–2023. The EU Emissions Trading Systems is being updated, and based on current knowledge, free emission allowances will be phased out entirely after 2030. More information about emission rights can be found in Metsä Board's Financial statements in the Intangible assets section.

In the company's internal carbon pricing, the average price of emission allowances according to EU ETS is used for each year in the income and expense records of production units. In addition, in the company's investment calculations shadow prices are applied to carbon dioxide based on the prices of the EU ETS.

Metsä Board does not currently buy carbon credits from outside our value chain to offset or balance its emissions. We follow the development of the voluntary carbon market, including the EU regulation on Carbon Removals and Carbon Farming (CRCF). Commonly, carbon credits play a role in balancing residual emissions to reach net zero goals.

Production and value chain

Climate-related measures in Metsä Board's own operations

To achieve fossil-free production by 2030, Metsä Board's climate-related measures and investments apply to the fuels and backup fuels used at power plants and to the process fuels used at production units. The company will also transition to fully renewable or fossil-free alternatives in its purchased energy.

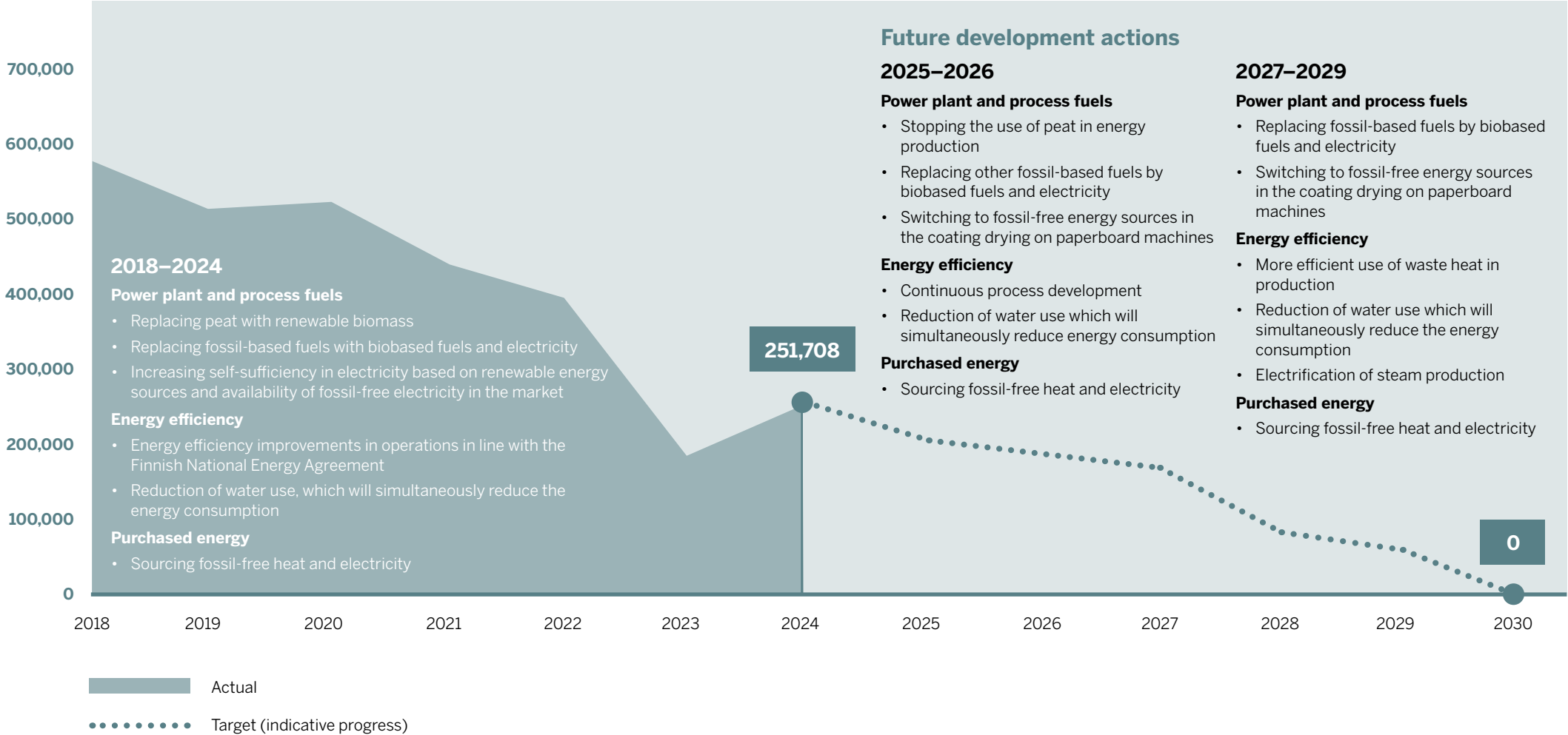
Metsä Board will also improve the efficiency of its energy and water use through continuous development and investment. Reducing water use is a way of mitigating climate change, as process water use and wastewater treatment consume energy, causing greenhouse gas emissions. Our actions to reduce process water use include investments in processes and wastewater treatment, as well as adjustments to and optimisation of water use. The actions improve water recycling and reduce water withdrawal from waterbodies.

Measures and investment have been planned for each production unit. The key actions are presented in the graphs on pages 29–31. More detailed interactive roadmaps are available on our webpage.

Advancing the circular economy is integrated in Metsä Board's strategy and operations. Being part of Metsä Group's value chain of wood-based products offers unique opportunities in terms of the circular economy. For us, the circular economy is not only improved waste management, but the key is to optimise material, energy, data and value flows as a whole from a systemic perspective. This also supports climate change mitigation.



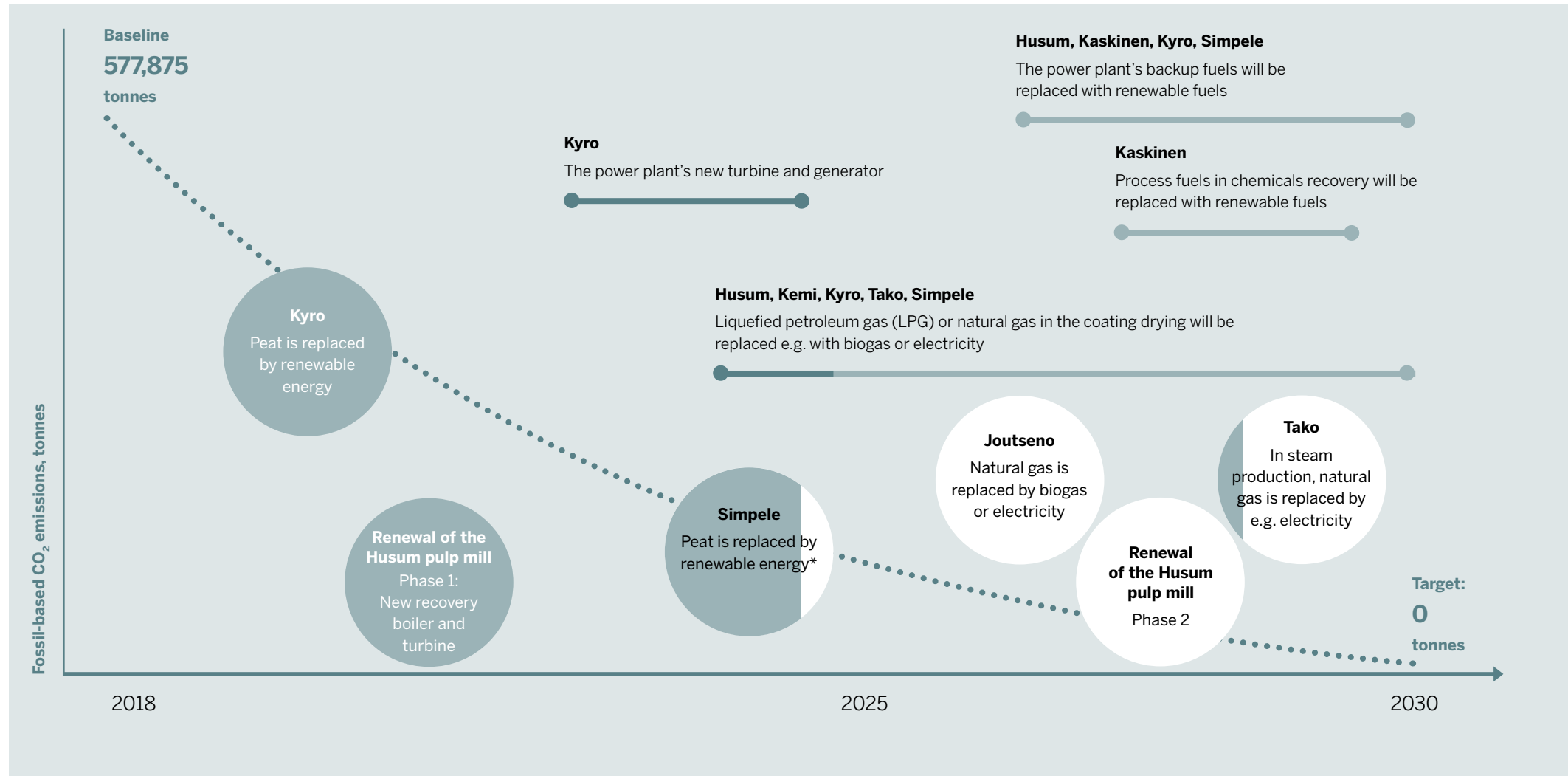
Metsä Board fossil-free production by 2030
Scopes 1 and 2 emissions tCO₂ fossil



Production rates in the operations were lower than average in 2023–2024, impacting the emissions reduction

3. Investments and measures

A mill-specific plan for transition to fossil-free mills by 2030



..... Fossil-based CO₂ emissions (Scope 1 and Scope 2 market-based) are zero

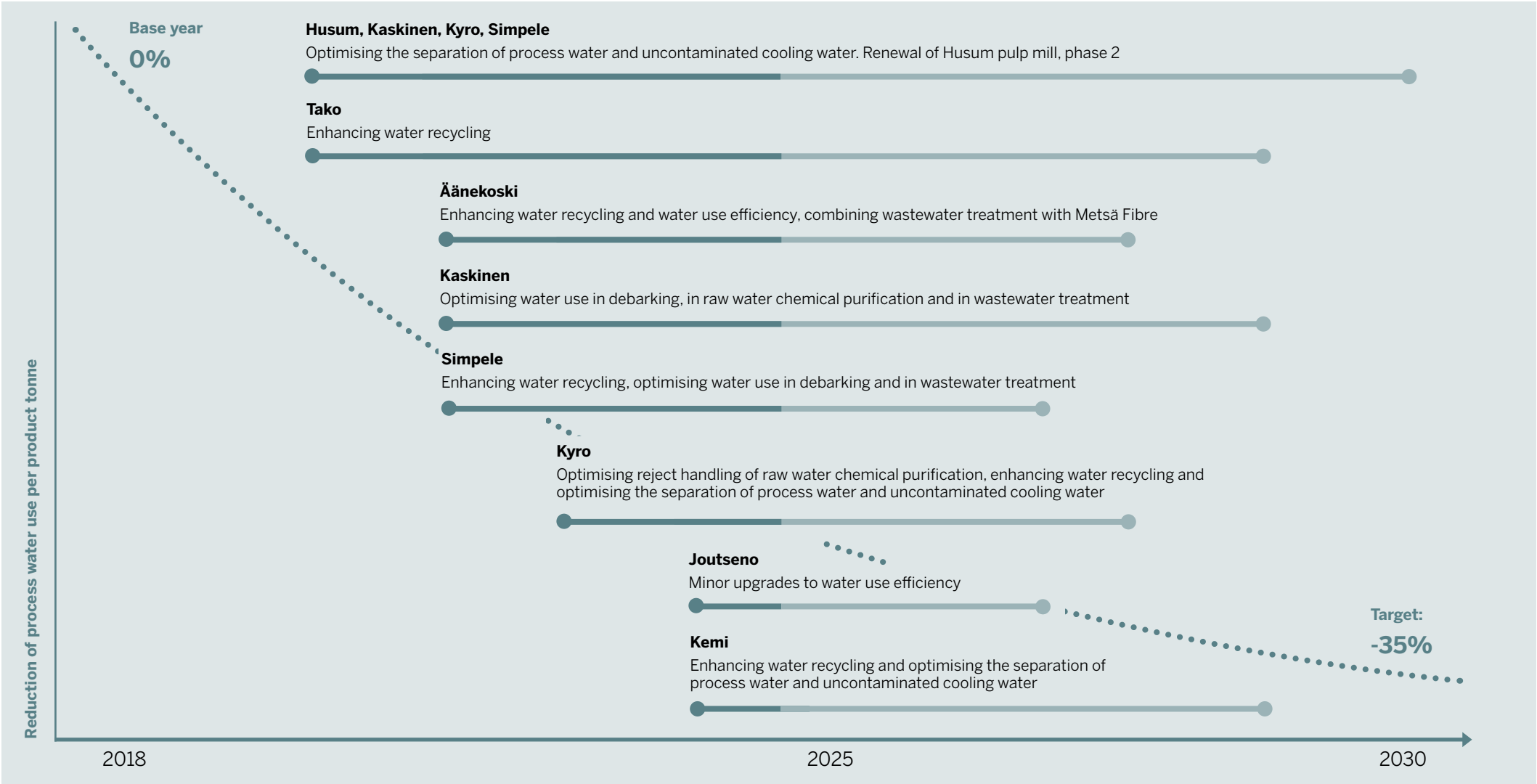
— Estimated time frame for the project

⦿ A darker shade indicates measures already taken

A final investment decision for some of the projects is still pending, and the times shown are indicative.

3. Investments and measures

A mill-specific plan for transition to reduced process water use by 2030



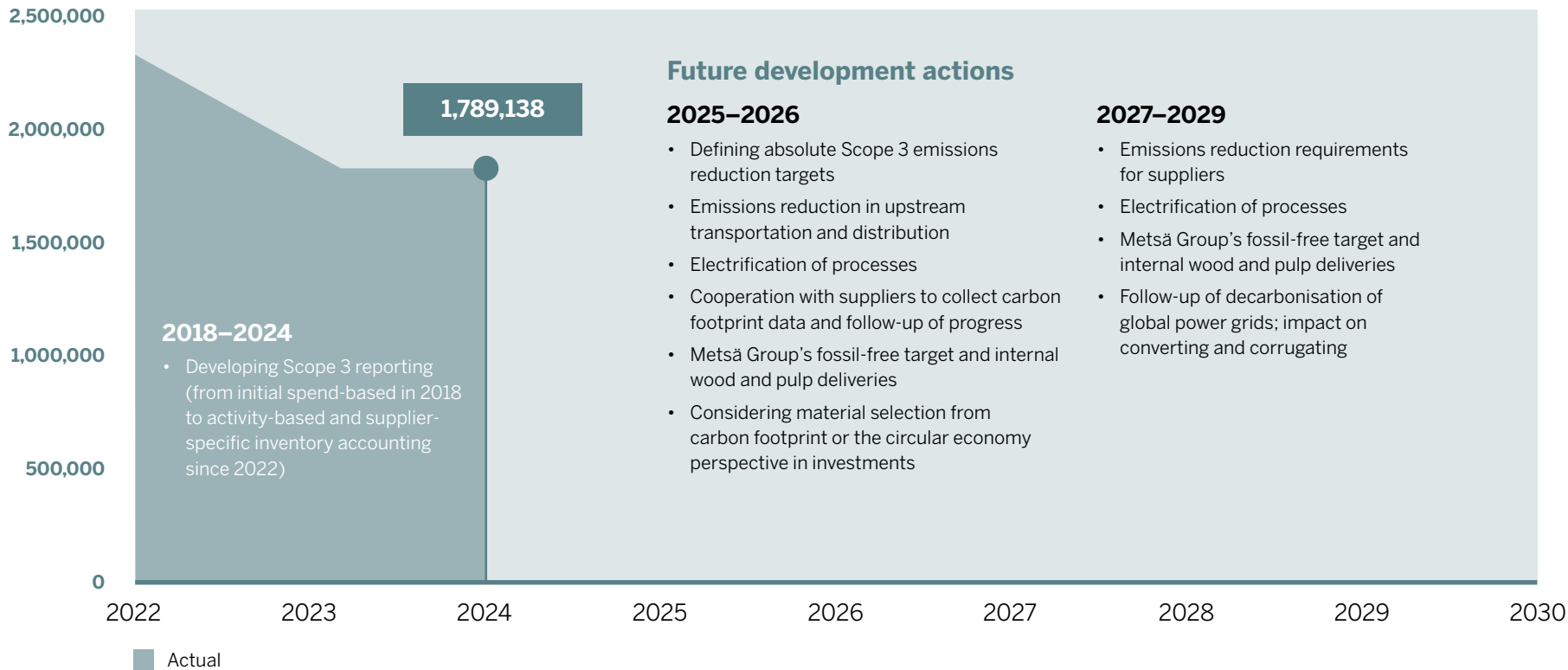
- Reduction of process water use per product tonne
- Estimated time frame for the project
- A darker shade indicates measures already taken

A final investment decision for some of the projects is still pending, and the times shown are indicative.

Climate-related measures in the value chain

To reduce value chain emissions, Metsä Board encourages suppliers to set emissions reduction targets. Our value chain emissions are also curbed by Metsä Group’s joint emissions reduction targets with the suppliers and the target to reduce emissions from logistics purchased by the company (Scope 3, category 4).

Metsä Board Scope 3 emissions tCO₂eq



Production rates in the operations were lower than average in 2023–2024, impacting the emissions reduction

Products and services

Fossil-free energy and the light weight of the paperboard reduce the climate impact

The aspects most relevant in terms of the climate impact and carbon footprint of paperboard packaging are the energy used in its production and the light weight of the paperboard itself. As Metsä Board shifts to using fully fossil-free energy in its production, the carbon footprint of the company's products will continue to decrease.

In addition, Metsä Board aims to replace the fossil-based raw materials and packaging materials of the company's products with fossil-free alternatives by 2030. The transition to fully fossil-free raw materials and packaging materials is promoted collaboratively in Metsä Group's strategic R&D programme. In 2024, the share of fossil-free raw materials and packaging materials was approximately 99 per cent.

Fresh fibre paperboards support the circular economy

The main raw material of Metsä Board's products is renewable wood fibre. Metsä Board's paperboards can be recycled, depending on local recycling systems. Except for the PE-coated grades, all the company's paperboards are certified as industrially compostable according to the DIN EN 13432 and/or ASTM D6400 standards, and as home compostable in accordance with the NF T 51-800 standard.

In the EU, the recycling rate for paper and paperboard packaging is approximately 83 per cent (EU-27, Eurostat 2022). Metsä Board supports the target of improving the recycling rate to 90 per cent in the EU by 2030.



360 Services complement the product portfolio

Through its 360 Services, Metsä Board offers customers services in fields like R&D, sustainability and packaging design to help customers improve the recyclability, material efficiency and reduce environmental impacts of their packages through packaging life cycle assessments, data-based comparisons of the environmental impacts of different materials, and genuine packaging solutions

Metsä Board's Excellence Centre in Äänekoski offers an active collaboration environment for the research, innovation and testing of packaging materials and solutions.

Carbon footprint reduction potential up to 40–60 per cent

- Metsä Board's greenhouse gas emissions contribute to its customers' Scope 3 emissions
- We can offer solutions reducing the carbon footprint of packaging and contribute to customer's carbon emissions reduction targets
- The carbon footprint of our products will become even smaller as we move towards 100 per cent fossil-free energy use in our production processes
- Metsä Board's life cycle assessments on packaging demonstrate a carbon footprint reduction potential of up to 40 to 60 per cent – and even more
- The results of the LCA study have been verified by the IVL Swedish Environmental Research Institute, and the technical background report and the verification statement are publicly available on our [website](#).



R&D and innovation

R&D and innovation at Metsä Board

In the circular economy for fibre-based packaging material, Metsä Board's task is to provide markets with premium fresh fibre paperboards as resource efficiently as possible, help replace fossil-based materials and reduce the carbon footprint of packaging. Ensuring and developing the recyclability and compostability of paperboards is of key importance.

Further lightweighting of paperboard and the development of bio-based barriers are Metsä Board's R&D priority areas. Metsä Board aims to replace the fossil-based raw materials still in use, such as latexes and fossil-oil-based barrier materials, and packaging materials of the company's products with fossil-free alternatives by 2030. The transition to fully fossil-free raw materials and packaging materials is being promoted collaboratively in Metsä Group's strategic R&D programme.

Replacing fossil-oil based binders in Metsä Board's paperboard coatings with bio-based ones is a key focus area of the pilot and mill-scale test runs. In 2024, an investment decision was made that enables the use of a bio-based binder in the paperboard coating at the Simpele board mill. The new equipment will be commissioned in 2025. R&D work will continue for other production units.

Metsä Board's R&D expenditure totalled EUR 7.4 million in 2024.

1.

Light and resource-efficient paperboards



2.

Developing barrier boards as an alternative to plastics



3. Investments and measures

With strategic choices and cooperation, we increase our customers' climate benefits

- The aspects most relevant in terms of the climate impact and carbon footprint of paperboard packaging are the energy used in its production and the light weight of the paperboard itself
- Metsä Board 360 Services such as the packaging design and sustainability services help our customers improve, e.g. the material efficiency, carbon footprint and recyclability of their packaging
- Customer cooperation also focuses on supply chain optimisation and resource efficiency in converting
- Metsä Board's Excellence Centre in Äänekoski offers an active collaboration environment for the research, innovation and testing of packaging materials and solutions.



Alternatives to fossil-oil-based materials currently still in use

Current fossil-oil-based raw material	Potential alternatives	Activities in 2024
Latexes used in paperboard products	Various natural and modified natural polymers and mass balance-based bio-sourced synthetic polymers.	Participation in publicly funded research projects, development work in the company's own laboratory, pilot test runs and test runs at the mills.
Barrier materials used in paperboard products	As above	Participation in publicly funded research projects, development work in the company's own laboratory, pilot test runs with fossil-free alternatives and development work to reduce the amount of coatings.
Wrapping materials for packing pulp and paperboard products	Wrapping materials containing recycled plastics and/or biobased plastics. New type of flexible paper wrappings.	Comparison of carbon footprints and technical functionality of different packaging materials, development project regarding reducing packaging, supplier discussions.

3. Investments and measures

Innovation is all about cooperation

In R&D, close cooperation is important, including activities within Metsä Group's operations, as well as with research and technology organisations, universities, external R&D service providers, technology providers, customers, suppliers, start-ups and other partners.

Metsä Group's research, development and innovation operations develop high-value-added products made from northern wood and promote industrial efficiency based on the circular economy. The goal is to create new products and services, exploit new technologies, and ensure the competitiveness of Metsä Group's current business operations. R&D also plays an important role in the achievement of sustainability targets. Metsä Group has an innovation company, Metsä Spring, which invests in start-ups that develop wood-based innovations. Further details are presented in Metsä Group's Climate transition plan.



” As part of Metsä Group, our R&D and innovation promote industrial efficiency based on the circular economy.

Wood procurement and forestry

Metsä Board's wood procurement

Metsä Board's wood procurement is handled by Metsä Group's Wood Supply and Forest Services. Metsä Board's own pulp production and a 24.9 per cent holding in Metsä Fibre secure its self-sufficiency in pulp. All the wood fibre used in Metsä Board's paperboards is therefore sourced internally.

Wood procurement and wood use at Metsä Group are guided by the Metsä Group's principles for forest use and management. With these principles, the company is committed to increasing the amount of carbon sequestered in forests and to enhancing forest biodiversity. The wood sourcing value chain is also covered by certified quality and environmental management standards. All forest and nature management, as well as harvesting, is carried out based on the latest information about forest research and knowledge, as well as long-term cooperation with scientists.

In 2023, Metsä Group launched its regenerative forestry strategy to ensure that Finnish forests are transferred in a vibrant diverse and climate-resilient condition from one generation to the next. The two overarching principles of regenerative forestry are i) enhancing biodiversity with verified net positive impacts and ii) comprehensive management of ecosystem services.

Wood from Northern European forests

All wood used by Metsä Board originates from certified or controlled forest origins (PEFC Controlled Sources, FSC® Controlled Wood), and the wood origins are fully traceable (PEFC/02–31–92, FSC®-C001580). In 2024, Metsä Board used 6.8 Mm³ of wood for its products, of which 92 per cent was certified, and the remaining 8 per cent from controlled forest areas.

Wood procurement for Metsä Board's operations does not cause deforestation. In all Metsä Board's wood sourcing countries, regeneration of forest areas after a final felling is ensured by law. Approximately 90 per cent of the wood used originates from Finland and Sweden, and the remaining part comes from neighbouring countries such as the Baltic countries.



Metsä Group does not own any significant forest areas, but the wood procured and used in its operations in Finland comes mainly from the owner-members of the parent company, Metsäliitto Cooperative. The wood used in the operations in Sweden is mainly from Sweden.

3. Investments and measures

Metsä Group's forest- and biodiversity-related 2030 targets

	2030 Target	2024	2023	2022
Amount of forest regeneration and young stand management from the 2018 level, %	+30	18	14	2.8
Amount of forest fertilisation from the 2018 level, %	+50	-22	-26	-
Share of continuous cover forestry in peatland forest regeneration, %	+30	15	17	-
Retention trees on regeneration felling sites, %	100	97	96	95
High biodiversity stumps on harvesting sites, %	100	98	92	90
Spruce as the only tree species after young stand management, %	0	26	25	27
Measures promoting biodiversity, number	10,000	6,586	816	-

Northern forests in the changing climate

The forestry in Finland and Sweden is semi-natural, in which wood production is integrated into the natural ecosystem. Native tree species serve as commercial tree species. Compared to plantation forestry, this means no land-use conversion and a higher level of biodiversity. Thanks to the regeneration obligation and good forest management practices in Finland and Sweden, forestry operations carried out do not cause deforestation.

Finnish forests are multi-use forests and provide a range of ecosystem services, including climate regulation and adaptation, water regulation, air and water purification, soil stabilisation, the production of wood biomass, recreational values and socioeconomic functions.

Based on scientific studies, Finnish forests may face a temperature rise of several degrees during their lifetime due to climate change.

For example, adapting to climate change requires adapting to both acute threats such as extreme weather phenomena and chronic threats resulting from the effects of climate change on water availability, tree harvesting conditions, the growth conditions of different tree species, or the destruction of forests by storms, droughts, forest fires, insects and fungi.

Due to climate change, peatland forests' emissions may increase with the rise in temperature. Additionally, there can be changes in the availability of tree species, and foreign species can impact forests. Strengthening biodiversity has several positive impacts on forest health and their ability to adapt to climate change.



Promotion of biodiversity in commercial forests:

Regenerative Forestry – Aiming for diverse and climate-resilient forests

Metsä Group's regenerative forestry is based on targets set for its forest-related operations and actions to meet these set targets. The development of the actions vs targets are continuously followed up and publicly reported. Metsä Group aims to strengthen the state of forest nature in a proven way by 2030, and by using an external independent third party to verify the development.

Metsä Group's regenerative forestry strives to use wood for production while promoting biodiversity and maintaining carbon sinks, clean water, pollinators, berries and mushrooms, and recreational use.

By strengthening the state of forest nature and the nature benefits, i.e. the nature ecosystem services, regenerative forestry makes forests more resilient to climate change and contributes to the long-term availability of wood raw material.

Principles of regenerative forestry



Diversification of structural features



Utilising native tree species



Species-specific measures



Improving the management of peatlands and water protection



Increasing the number of old trees



Diversification of tree species



Protection of valuable habitats



Improving the biodiversity network



Special measures for herb-rich forests, ridge areas and burned forest areas



Increasing varied decayed wood

3. Investments and measures

Promotion of biodiversity outside commercial forests:

Regenerative land use in the built environment


In 2023, Metsä Group launched a regenerative land-use initiative in the built environment. It includes a multi-year systematic action plan, in which a biodiversity plan will be drawn up for each production unit.

The project was launched in Kemi, which will serve as the pilot site for the entire project. The plan encompasses nature-based solutions on the industrial site, as well as offsite land areas owned by the company, which are used by the town for recreational purposes. The special features of local nature will be taken into account in the project, and the living conditions of endangered species will be improved.

Funding programme for nature projects

Metsä Group's funding programme for nature projects is a ten-year funding scheme, launched in 2021, which finances development projects promoting biodiversity and the state of waterbodies regionally, and implemented outside commercial Finnish forests. To date (Q4/2024), more than 60 different projects across Finland have been granted funding, amounting to EUR 1,800,000. The company does not seek a business profit through the projects. Projects are selected for Metsä Group's nature programme once a year.





4. Governance, risk management and stakeholder engagement

- Building personnel capacities
- Governance of climate-related matters
- Risk management
- Stakeholder engagement

Building personnel capacities

Sustainability integrated into daily operations

An important part of the implementation of the strategy is the development of core competences for the company. We advance the building of personnel capacities in terms of climate and sustainability with the following measures.

All Metsä Board employees:

- Have a sustainability target included in their annual personal bonus goals
- Complete an e-learning course on the basics of sustainability. Climate themes are a key part of the e-learning course.

We offer opportunities for further education, peer learning and cooperation:

- Education: Metsä Group Academies education concept, including Finance, Leadership, Procurement, Sales and Sustainability Academies: climate-related topics are at the core of the Sustainability Academy and are included in the themes of all other academies
- Internal peer learning and cooperation: Sustainability Process Management Team and Sustainability Network
- External peer learning and cooperation: UN Global Compact, FIBS corporate responsibility network, Ellen MacArthur Foundation
- Metsä Board also organises Sustainability Masterclasses and training for its customers and other partners.



” Enhancing the personnel capacities in climate-related issues is a crucial aspect of our climate initiatives.

Governance of climate-related matters

The role of the Board of Directors

Metsä Board's Board of Directors is the company's highest body overseeing sustainability, including climate-related matters. The Board approves the Metsä Group Code of Conduct and other policies such as the Environmental Policy and the Risk Management Policy. The Board also approves Metsä Board's sustainability targets as part of the company's strategy and supervises their achievement. Sustainability is incorporated into the company's strategy, long-term business and investment plans, risk assessments, and annual action plans approved by the Board.

The Board handles both the environmental and sustainability reviews once a year as scheduled annual agenda items. The Board also discusses other sustainability-related matters if required and consults with Metsä Board's and Metsä Group's sustainability specialists. Risk mapping is presented to the Board twice a year. If required, the CEO reports to the Board immediately on all climate-related or other sustainability-related risks that significantly affect the company.

The competence of the Board of Directors on sustainability matters

The sustainability-related expertise and skills of Metsä Board's Board members are ensured with regular sustainability, environmental and compliance reviews in accordance with the annual cycle, which provide the Board members with information about material impacts, risks and opportunities related to the company's sustainability, and the progress made in the company's sustainability targets.

The reviews are presented by the company's and Metsä Group's internal specialists in various fields. If required, the Board of Directors and its committees can also acquire third-party expertise in sustainability matters.

Several Board members have many years of experience of sustainability-related impacts, risks and opportunities concerning the company's industry and its products.

Key policies

- **In the Code of Conduct**, as part of Metsä Group, Metsä Board is committed to continuously improving environmental performance, minimising fossil-based CO₂ emissions and utilising technologies and processes that enable the minimisation of environmental impacts, for example.
- **In the Environmental Policy**, as part of Metsä Group, Metsä Board is committed to sustainable forest management, using natural resources sustainably and transitioning to fossil-free production, for example: transitioning exclusively to fossil-free fuels at mills; developing production methods to support the use of fossil-free fuels; replacing purchased electricity and heat with fossil-free alternatives; and aiming to find fossil-free alternatives to all the raw materials and packaging materials still in use.
- **In the Supplier Code of Conduct**, suppliers are encouraged to set reduction targets for greenhouse gas emissions, for example, in accordance with the principles of the Science Based Targets initiative, and to continuously improve their environmental performance and efficient energy use. Suppliers are required to adopt a certified environmental management system where applicable.

The role of the CEO and the Corporate Management Team

Metsä Board's CEO is in charge of the implementation of sustainability measures in accordance with the Board's instructions. The CEO reports to the Board on material impacts, risks and opportunities related to sustainability and on the progress made in sustainability targets.

Metsä Board's Corporate Management Team prepares sustainability-related matters before the CEO presents them to the Board of Directors and, for its part, supervises the implementation of the approved sustainability measures and sustainability-related impacts, risks and opportunities.

Of the Corporate Management Team's members, the SVP, Development is responsible for research and product development, business development and sustainability. The SVP, Development reports monthly to the Corporate Management Team on topical sustainability-related matters and participates in Metsä Group's Sustainability Process Management Team, reporting the results of sustainability measures to the team quarterly. The Sustainability Process Management Team monitors the progress in the 2030 sustainability targets and ensures the consistency of sustainability work throughout Metsä Group, supported by the Metsä Group-wide network of sustainability specialists. The SVP, Development also manages Metsä Board's product safety and sustainability function, which includes Metsä Board's Product Safety and Sustainability Director and several specialists.

Metsä Board's CFO heads Metsä Board's Risk Committee, which handles sustainability risks as part of the company's general risk assessment.





Integration of sustainability-related performance in the management's incentive schemes

At Metsä Board, remuneration is based on the following principles:

- Ensuring sustainable and responsible business operations
- Ensuring performance and profitable growth
- Supporting competence development and renewal
- Consistency, competitiveness and transparency

To ensure the sustainability and responsibility of its business, Metsä Board uses remuneration to support the achievement of its strategic, operational and sustainability targets. The company encourages activities in line with its values and interests – responsible profitability, reliability, renewal and cooperation.

The remuneration of the CEO and the members of the corporate management team is based on Metsä Board's operating result, the strategic targets defined by the Board of Directors (for the CEO) or the targets of the own responsibility area (for the members of the corporate management team), including sustainability targets and the realisation of Metsä Group's EBIT multiplier. The remuneration of the Board of Directors is not linked to Metsä Board's performance.

In 2024, the CEO's sustainability targets were related to occupational safety and strategic projects, the aim of which is to reduce fossil-based CO₂ emissions, promote the use of fossil-free raw materials and reduce process water use in production.

In 2024, the individual sustainability targets of the members of the Corporate Management Team were related to occupational safety and wellbeing, fossil-free products and production, the development of compostable and bio-based products, and strategic projects aimed at reducing fossil-based CO₂ emissions, promoting the use of fossil-free raw materials and reducing process water use in production.

The principles of Metsä Board's remuneration and the overall remuneration of the administrative, management and supervisory bodies are described in more detail in Metsä Board's Remuneration Report and Remuneration Policy.

Since 2023, sustainability has been integrated in the annual personal bonus goals of every Metsä Board employee.

Risk management

Risk management at Metsä Board

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 Board of Directors is responsible for risk management and approves the Risk Management Policy. The CEO and the Corporate Management Team are responsible for defining and implementing risk management policies and are also responsible for ensuring that risks are taken into account in the company's planning processes, and that they are adequately and appropriately reported.

The Risk Committee, led by the CFO, conducts risk mapping twice a year. 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.

A more detailed description of the responsibilities and the risk management process is included in Metsä Board's Corporate governance statement.

” Business risks also involve opportunities, and they can be capitalised on within the boundaries of the agreed risk limits.

Climate risks as part of company-level risk management

Metsä Board's climate-related material impacts, risks and opportunities have been identified in a double materiality assessment based on the principles of the company's risk management process. The double materiality assessment is carried out annually, and it is interlinked with the annual risk management schedule. A more detailed description of the double materiality assessment is included in Metsä Board's Sustainability Statement.

Ensuring undisturbed and uninterrupted operations in all conditions is key in the risk assessment of production units. The assessment process of production units' environmental risks is guided by the ISO 14001 and ISO 50001 management systems. ISO 14001 also guides the assessment and identification of risks in wood procurement.

The key identified climate-related risks are included in the company-level risk management process. The main results of the 2024 climate risk assessment and risk management measures are presented on pages 10-13.



Stakeholder engagement

Cooperation and dialogue are key

In the transition to more sustainable economies and related climate work, cooperation and dialogue between different actors in society are key.

As part of Metsä Group, Metsä Board uses an operating model and management processes for active stakeholder engagement. Stakeholder feedback plays an important role, and stakeholders are also involved in the double materiality analysis of sustainability matters. Well-defined processes ensure that the feedback is considered in operational development and decision making.

Cooperation with customers, suppliers and other partners realises our products' climate benefits. Read more about our Scope 3 emissions and related activities starting on page 32, and about products, services and R&D&I activities starting on page 33.

Circular economy, climate and forests as a focus in advocacy

Metsä Board participates in advocacy as part of Metsä Group at the EU and national levels, especially in Finland, Sweden and Germany. Metsä Group's Corporate Affairs function coordinates practical influence work, handling the related cooperation between Metsä Board and other functions. Metsä Group's parent company Metsäliitto Cooperative is registered in the EU's Transparency Register and complies with its code of conduct. Its member number in the Transparency Register is 962687110415-94. Metsä Board is registered in the Finnish Transparency Register under diary number MET-24-465-R.

To identify the most significant legislative risks and advocacy focal areas, Metsä Group has conducted a comprehensive assessment of regulatory risks, which covers all the business areas, including Metsä Board. These risks have been considered in the company's double materiality assessment.

Metsä Group follows and participates in discussions about forests and biodiversity and influences policy questions related to the bioeconomy and products.

Metsä Group has actively influenced several legal initiatives in the EU, including the deforestation regulation, nature restoration regulation, packaging and packaging waste regulation, and sustainable product policy.

Metsä Group promotes the circular bioeconomy and emphasises the role of forests and wood-based products in climate change mitigation, and the safeguarding of biodiversity. Metsä Group is committed to the principles of regenerative forestry, the goal of which is to verifiably strengthen the state of forests and nature by 2030. Metsä Group aims to increase understanding of regenerative forestry and the role of renewable carbon. The company supports the EU's environmental targets and the 2050 climate neutrality target.

In Finland, as a member of the Finnish Forest Industries Federation, Metsä Group actively participates in the industry's joint roadmap work in the areas of both climate and biodiversity.

In 2024, Metsä Group's position papers on regenerative forestry and the central role of renewable carbon in achieving the EU's climate neutrality target and developing industrial carbon management were published. The goal is to do proactive and open climate influence work based on researched information.

Metsä Board actively participates e.g. in 4evergreen alliance's work. 4evergreen represents the entire value chain of fibre-based packaging and has set as its target the raising of the recycling rate of fibre-based packaging to 90 per cent by 2030. Currently, the recycling rate in the EU is ca. 83 per cent (Eurostat, 2022).

4. Governance



Metsä Board's advocacy efforts as part of Metsä Group focus on:

- Promoting the recyclability of wood-fibre-based packaging
- Increasing the understanding of the role of fresh fibre in product safety and the advantages of sustainable fibre-based food packaging in terms of the environment and health
- Supporting a comprehensive approach to laws that influence forestry practices and the availability of wood raw material as part of the joint production of forest-based ecosystem services
- Energy-related topics in the EU, such as reducing dependence on fossil-based fuels, focusing greater attention on the opportunities provided by biogenic carbon dioxide capture, and defining renewable energy targets based on something other than the direct energy use of convertible wood biomass.

Key memberships in organisations and advocacy groups:

- Confederation of European Paper Industries (Cepi)
- European Association of Carton and Cartonboard manufacturers (Pro Carton)
- CEPI Containerboard
- European Carton Makers Associations (ECMA)
- The European Paper Packaging Alliance (EPPA)
- 4evergreen
- Finnish Forest Industries Federation, Finland
- Swedish Forest Industries' Federation, Sweden
- Die Papierindustrie, Germany



Growth, with a future

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