

Metsä's year  
2022





# Your partner in sustainable growth

Climate change and resource scarcity concern us all, and our future must be based on the use of renewable natural resources. Northern wood is the world's best renewable material and a solution to many future challenges. We use it to make recyclable products for the everyday lives of millions of people.

**Learn more about Metsä!**



# Metsä Group in brief

Metsä Group is a Finnish forest industry company with global operations. We are firmly rooted in the Finnish forests: our parent company Metsäliitto is a cooperative owned by more than 90,000 forest owners. We focus on the forest industry's growth sectors: wood supply and forest services, wood products, pulp and paperboards, and tissue and greaseproof papers.

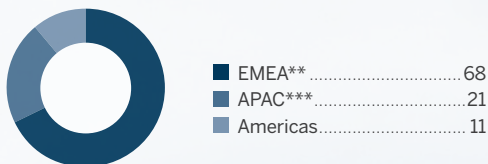
Sales  
EUR million  
**6,980**

Operating result\*  
EUR million  
**1,276**

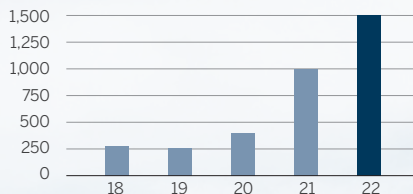
ROCE %\*  
**19.5**

Employees  
**9,500**

## SALES BY MARKET AREA %



## CAPITAL EXPENDITURE EUR million



\*Comparable

\*\*Europe, the Middle East and Africa \*\*\*Asia-Pacific

## METSÄ GROUP

### METSÄ FOREST

Wood Supply and Forest Services

### OWNERSHIP

Metsäliitto Cooperative  
100%

### METSÄ WOOD

Wood Products

Metsäliitto Cooperative  
100%

### METSÄ FIBRE

Pulp and Sawn Timber

Metsäliitto Cooperative  
50.1%  
Metsä Board 24.9%  
Itochu Corporation  
25.0%

### METSÄ BOARD

Paperboard

Metsäliitto Cooperative  
50.2% (68.2% of votes)  
The company is listed  
on Nasdaq Helsinki

### METSÄ TISSUE

Tissue and Greaseproof Papers

Metsäliitto  
Cooperative  
100%

**METSÄ SPRING** Innovation company

# Highlights of 2022



## Large investments underway

Metsä Group is in a phase of profitable growth. Our completed, ongoing and planned investments since 2015 total nearly seven billion euros.

The new pine sawmill in Rauma, the tissue paper machine renewal in Mänttä and the recovery boiler at the Husum mill started up in 2022. We are constructing a bioproduct mill in Kemi, with a value of EUR 2.02 billion, which is the largest investment made in Finland in the history of the Finnish forest industry. The mill reached full height in the autumn of 2022.

The modernisation of the Kemi paperboard production line will be completed in 2023 at the same time as the bioproduct mill. In Sweden, we are expanding our paperboard capacity at the Husum mill and tissue paper capacity at the Mariestad mill.

We are also planning to invest in a new paperboard mill in Kaskinen, a Kerto® LVL mill in Äänekoski and a tissue paper mill in the UK.

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## Wood is a versatile material

We are actively seeking new sustainable business opportunities alongside our current products. Muoto®, a new kind of 3D fibre product, and Kuura®, a textile fibre, are furthest along in development.

A demo plant for the recyclable Muoto packaging product made of renewable wood material started up in Äänekoski in the spring of 2022. Muoto is a good alternative to plastic in products such as food packaging.

The environmentally friendly Kuura textile fibre strengthened its position in environmental organisation Canopy's 2022 sustainability assessment. The pulp-based textile fibre is produced at the Äänekoski demo plant.

Metsä Spring continued to support Woodio, Montinutra and Innomost – start-ups in which it has invested – to help them increase production.

The jacket shown here is made of Kuura fibre.



# Sustainable growth strategy

We use northern wood to make recyclable products for the daily needs of millions of people in Europe, Asia and North America.

We invest in production, new bioproducts, resource efficiency and a fossil free future. Long-term development and growth require that we include every pillar of sustainability in our operations. This is why we ensure the growth and biodiversity of forests as our production increases. Our investments are always a step towards lower-emission production.

The essence of Metsä lies in the unique company structure – our various complementary business operations cover much of the value chain from forest to home.

Our operating environment is changing rapidly. Population growth, urbanisation, climate change, biodiversity loss and digitalisation are some of the most powerful phenomena of the 2020s. On the one hand, they challenge our operations; on the other, they provide us with opportunities for development.



## Our operating principles

1. We increase the value of our owner-members' forests
2. We implement sustainability targets and an ethical corporate culture
3. We develop our personnel's core competences
4. We grow profitably with our customers
5. We improve industrial efficiency
6. We renew products and services
7. We strengthen our competitive commercial position through a careful selection of markets and customers
8. We make full use of common, efficient business processes, Group Services and synergies
9. We use capital efficiently for investments

# Purpose

Advancing the bioeconomy and circular economy by sustainably and efficiently processing northern wood into first-class products.

# Vision

To be the preferred partner in developing sustainable business.

# Values

## Reliability

We appreciate each other's work and strengthen confidence by acting consistently and predictably.

## Cooperation

We develop our operations in cooperation with our customers and share information and best practices.

## Renewal

We are aware of future challenges and have the courage to question old practices.

## Responsible profitability

We bear responsibility for the environment, our partners and each other to ensure successful business operations.





# Our 2030 sustainability targets

Sustainability is an essential part of our strategy, and it shows in everything we do. We have renewed our 2030 sustainability targets, which show our commitment to safeguarding biodiversity, mitigating climate change, contributing to the sustainable use of natural resources and ensuring ethical operations in line with the UN Sustainable Development Goals. Detailed descriptions of our 2030 sustainability targets are available at [www.metsagroup.com/sustainability/](http://www.metsagroup.com/sustainability/).



## Environment

### **We safeguard forest biodiversity.**

- We diversify species in forests.
- We grow forests with various tree species.
- We add decaying wood in forests.
- We preserve valuable habitats for threatened species.

### **We mitigate climate change and reduce emissions.**

- We only use fossil free fuels.
- We only use renewable raw materials and packaging materials.
- We boost forest management and wood consumption using research-based knowledge.
- We recommend continuous cover forestry for peatland forests.
- We increase the number of wood products that store carbon for a long time.

### **We use natural resources efficiently and reduce waste.**

- We use less water at our mills.
- We save energy.
- We utilise all our waste.





The UN's global Sustainable Development Goals (SDGs) guide our day-to-day activities. Read more on our website [www.metsagroup.com](http://www.metsagroup.com).



**We do the right thing. We promote safety and wellbeing at work.**

We promote a culture of doing the right thing and boost job satisfaction.

We address shortcomings across our value chain.

We recruit anonymously.

We support the career opportunities of women leaders.

We promote safety at work.

 Social responsibility



**We know the origin of our raw materials. And favour responsible suppliers.**

We process wood efficiently.

We examine the origin of our raw materials.

We increase the share of certified wood in our operations.

We favour responsible suppliers in our procurement.

 Governance

# A forest owner's best partner

Forest management and the sustainable use of forests are long-term activities, continuing from one generation to the next. Sustainably managed forests remain thriving, grow well and function as carbon sinks.

Our forest management services help our cooperative's owner-members increase the value of their forest assets, both financially and in terms of natural values. We offer services for every stage of forest development, including high-quality Finnish seedlings and seeds, young stand management, felling and services supporting forest biodiversity and health.

We are experts in both continuous cover forests and forests with an even age structure.

Digital opportunities will continue to improve and expand forest owners' services. In 2022, digital services accounted for 52% of Metsä Group's wood trade and 59% of its forest service sales.







In 2022,  
we supplied  
more than  
34 million  
seedlings to  
forest owners.

# Wood products manufactured with industrial efficiency

We focus on industrial-scale wood products: birch and spruce plywoods, Kerto® LVL, as well as spruce and pine sawn timber and upgraded products. Urbanisation and the demand for environmentally friendly products create an excellent future outlook for our wood products. Wood products are a solution to the environmental challenges faced by construction, as they reduce the carbon footprint of buildings and transport and store carbon, keeping it out of the atmosphere.

We upgrade the most valuable parts of trees into wood products. Every log is efficiently optimised to ensure we optimally use our high-quality wood raw material. All the side streams are used in other products or as energy. For the most part, our sawn timber products are upgraded for industrial planing, the construction industry, and the door and window industry. Our engineered wood products are ideally suited for construction and the transport industry, all of which call for light, strong and sustainable materials.

Metsä Group is Finland's largest producer of sawn timber and Europe's largest producer of veneer products. We manufacture wood products with industrial efficiency and decades of experience.

Growth in wood construction creates demand for wood products and sawn timber.





# Premium pulp for many bioproducts

We specialise in premium softwood and birch pulp used as raw material for paperboards, tissue and printing papers, and various speciality products. Some of the pulp we produce ends up in our own paperboard and tissue paper products, but the majority is sold on the world markets. Pulp is one of Finland's most important export items, and Metsä Group is the world's biggest producer of softwood market pulp.

Sustainably produced and certified pulp products are in high demand, because renewable wood fibre offers a sustainable alternative to fossil-based raw materials. Pulp and other bioproducts generated during pulp production will also serve as raw material for many future innovations.

Population growth will increase the demand for environmentally friendly wood-based bioproducts.

# Light and strong paperboards for sustainable packaging

As Europe's leading producer of fresh fibre paperboard, we focus on premium folding boxboards, food service boards and white kraftliners. Our lightweight, safe and sustainably produced paperboards are suitable for food, cosmetics, pharmaceutical and electronic appliance packaging, as well as for many retail packaging needs.

For example, the continued strong growth in food packaging and the growth of e-commerce are increasing the global demand for safe and recyclable paperboard packages.

Our customers all around the globe include brand owners, converters and wholesalers who value sustainability and the functional properties of paperboard. Our product range is complemented by a variety of expert services in sustainability, package analysis and design, technical expertise, and research and product development. Our shared goal is to create better consumer experiences with a lower environmental impact.



Higher living standards and urbanisation are driving the consumption of packaged products.

# Cleaner everyday life with tissue and greaseproof papers

Our tissue and greaseproof papers are an important part of the everyday lives of millions of people. We are one of the leading tissue paper producers for households and professionals in Europe, and one of the world's leading suppliers of greaseproof papers. Our product development is guided by an insight into consumers' and our customers' needs.

Our well-known consumer brands – Lambi, Serla, Tenta and Mola – offer a comprehensive range of toilet papers, household towels and paper handkerchiefs for household and personal hygiene. Our greaseproof papers sold under the SAGA brand are designed for cooking and baking.

Our range of Katrin products, designed for industrial-size kitchens and professionals, offers sustainable hygiene solutions and products such as hand towels, toilet papers, facial tissues, industrial wipes, dispensers and soaps. You can find these products in public space, from shopping centres to hospitals, across Europe.

Our tissue papers promote sustainable choices and good hygiene.





# We make more out of wood

Northern wood is an excellent renewable material. We use every part of the tree as efficiently as possible for the purpose in which it generates the greatest value. We develop new products based on wood and wood fibres to replace plastic and other fossil-based materials. Our mills have closed cycles, and our production side streams are put to efficient use in

industrial business networks, or ecosystems. Our innovation company Metsä Spring is always on the lookout for even better ways to use pulp fibre and production side streams in textiles, 3D fibre products, cosmetics, fertilisers and soil improvement agents, for example.

Montinutra is one of Metsä Spring's startup partners. Montinutra develops and commercialises new biopolymer-based products for various purposes such as cosmetics, hygiene products and industrial use. It uses spruce sawdust from Metsä Group's production as raw material for its products.

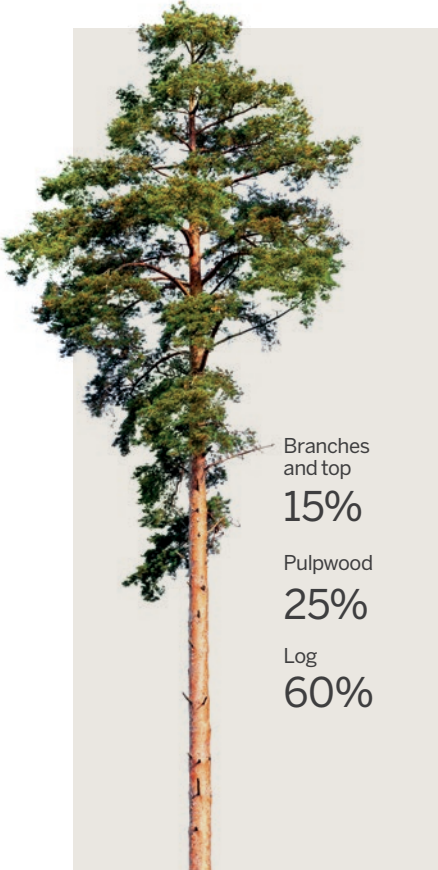


# We use every part of the tree

Wood raw material from regeneration felling

Sustainable products

Circular economy at our mills



## From pulpwood

- Pulp
- Paperboard
- Tissue and greaseproof paper
- Other bioproducts \*
- Textile fibres \*\*
- 3D fibre products \*\*

## From logs

- Sawn timber
- Kerto® LVL
- Plywood



## Into renewable energy

- Branches and top
- Sawdust
- Bark

## Into pulp

- Chips from sawmills

\* Other bioproducts include e.g. tall oil, turpentine, methanol, sulphuric acid, fertilisers, soil improvement agents, biogas, electricity, heat  
\*\* New products under development

# We create value for society

Wood is the solution to many future challenges. Wood-based products play an important role in creating a low-carbon economy and mitigating climate change.

We mainly procure wood from our owner-members in Finland. We help them manage their forests well and support forest growth and biodiversity.

Metsä employs more than 9,500 people at 34 production units in seven countries – and even more in the value chain. The forest industry is a significant employer and Finland's most important export industry. Our production generates renewable energy, which we supply as electricity to the grid and as district heat to nearby communities.

We operate responsibly and are an important operator in society. We also expect responsible operations from all our partners.

## From the forests to the mill



>90,000

owner-members own around half of Finland's private forests

34

million m<sup>3</sup>  
annual wood procurement

89%

of the wood we use is certified

689

EUR million  
income from wood sales to Finnish forest owners

410

EUR million  
to Finnish harvesting, transport and forest management entrepreneurs

## Our operations



34

production units in 7 countries

7

EUR billion  
sales

1.3

EUR billion  
comparable operating result

1.5

EUR billion  
investments in 2022

27.7

TWh  
renewable energy production

## Products for people's daily lives



### Our renewable products are a sustainable choice

- Wood products, offering long-term carbon storage, for construction
- Lightweight and strong paperboards as alternatives to plastic
- Tissue and greaseproof papers for a cleaner everyday life
- Pulp and other bioproducts as raw material for renewable materials
- Forest management services to boost the vitality and value of forests
- Kuura® and Muoto® – brand-new wood-based products from our demo plants

# Vibrant forests grow well

Wood from northern forests is the main raw material for our products replacing fossil-based materials. As our owner-members own more than half of Finland's private forests, every action we take to improve the sustainability of forests has an impact on the environment. We safeguard the biodiversity of forest nature and strengthen forest growth. It is the right thing to do.

The better forests grow the more effectively they store carbon and mitigate climate change. Forests function as carbon sinks as the volume of wood increases. We keep forests vibrant and healthy by managing forests and using wood in accordance with research-based knowledge.

In addition to good forest growth, safeguarding biodiversity is a key goal for us. We diversify the tree species in forests, helping forests survive in a changing climate. We want to preserve the valuable, species-rich habitats of commercial forests and provide environments suitable for a variety of species.

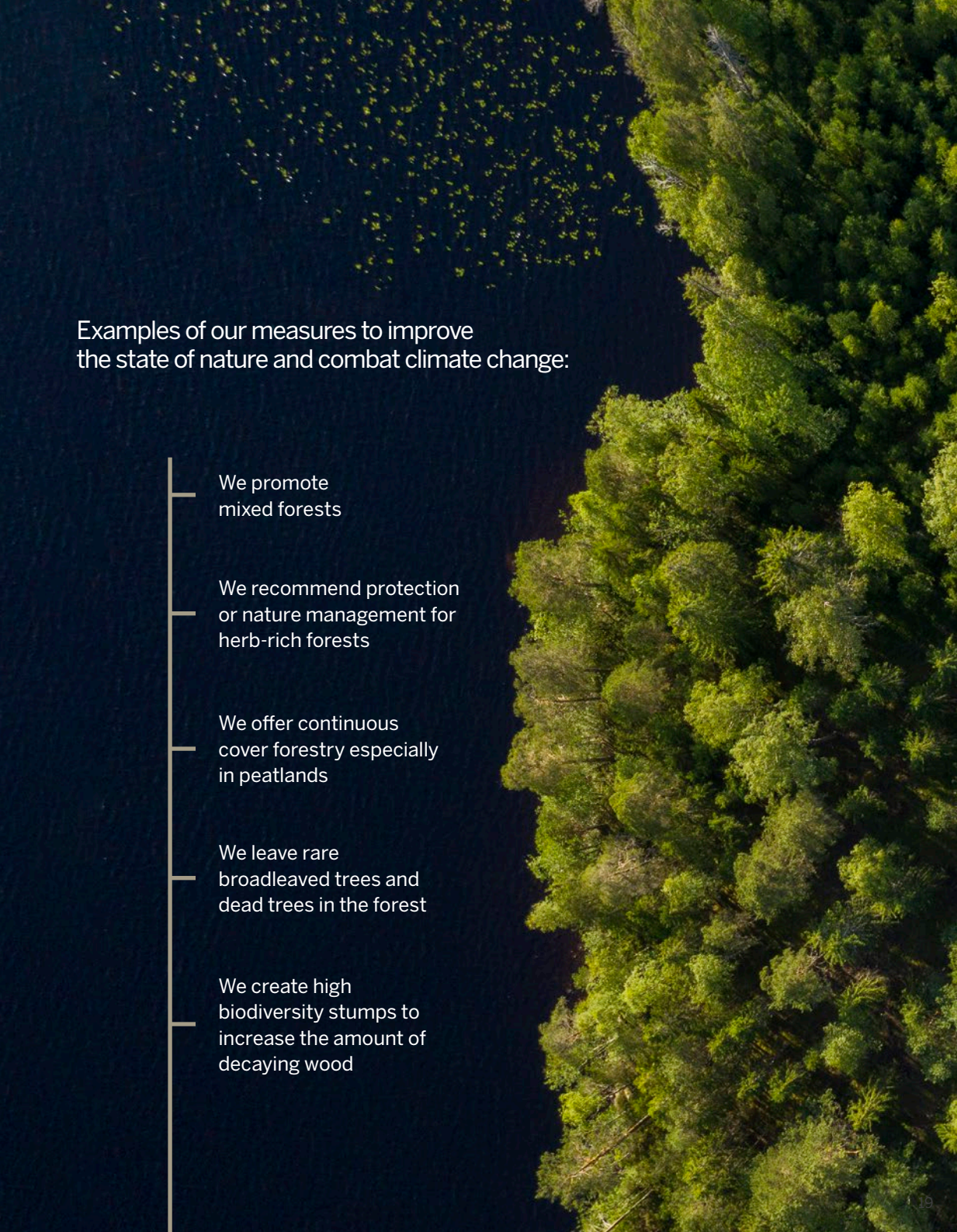
We develop the biodiversity of commercial forests through our ecological sustainability programme, which we expand with new clear measures every year.

We also fund projects that improve biodiversity and the state of waters outside commercial forests. These are related to, for example, wetlands, watercourses, coastal environments, the living conditions of pollinators and new water protection methods.

We know the origin of the wood we use, and in 2022, around 89 per cent of it was certified. Forest certification serves as proof of responsible operations throughout the value chain for both the forest owner and the customer. Sustainable forestry safeguards biodiversity and secures recreational use in the same forests that provide wood as raw material for recyclable and fossil free bioproducts.

We develop the biodiversity of commercial forests through our ecological sustainability programme.



An aerial photograph showing a dense green forest on the right side, transitioning into a dark, peatland area on the left. The peatland is covered in small, yellowish-green plants. The text is overlaid on the dark peatland area.

## Examples of our measures to improve the state of nature and combat climate change:

We promote mixed forests

We recommend protection or nature management for herb-rich forests

We offer continuous cover forestry especially in peatlands

We leave rare broadleaved trees and dead trees in the forest

We create high biodiversity stumps to increase the amount of decaying wood

# A responsible employer develops the culture



## Metsä For All

Our operations are guided by ethics and integrity. We are committed to developing a culture of diversity and equality in which everyone has the opportunity to succeed and be an equal member of an encouraging workplace community. We believe that every professional is the best expert for their job and duties, and we value everyone's competence and opinions.

We want to promote equality and offer everyone equal opportunities for career advancement. The diversity of our employees and our inclusive culture support Metsä Group's renewal and boost innovation. Metsä offers various career opportunities – our large Group provides employees with excellent opportunities for professional development.

## Safety at work at the core

We never compromise on safety and wellbeing. Our goal is zero accidents. This requires proactive safety work of the highest quality and risk identification, as well as the addressing of dangerous working practices – things to which everyone at Metsä is personally committed. Thriving, motivated and satisfied employees are a key element in Metsä Group's success.





Metsä is a group of enthusiastic professionals who play a key role in combating climate change.

**Metsä Group's** annual reporting includes three parts: Metsä Group's Annual and Sustainability Report, Metsä Group's brochure and Metsä Board's Annual and Sustainability Report. These are available in Finnish and English.

**PUBLISHED BY**

**Metsä Group**

The publications are available at

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



Metsä Group  
Brochure  
2022



Metsä Group  
Annual and  
Sustainability  
Report  
2022



Metsä Board  
Annual and  
Sustainability  
Report  
2022



## Your partner in sustainable growth

The cover material of this report was produced at the Kyrö paperboard mill. The high-yield pulp in the middle layer of the paperboard was produced at the Joutseno mill, and the chemical pulp in the other layers was produced at the Äänekoski bioproduct mill. The coated folding boxboard made from fresh fibre is suitable for packaging and graphical end uses.

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