



MODERN SLAVERY ACT TRANSPARENCY STATEMENT FOR THE FINANCIAL YEAR 2023

This statement, made in accordance with the section 54 of Modern Slavery Act 2015, outlines the steps Metsä Group has taken during the financial year 2023 to ensure that slavery and human trafficking do not occur in any part of its own business or supply chain. Slavery, forced or compulsory labour, child labour, servitude and human trafficking (Modern Slavery) are global and growing issues to which no industry is immune. Metsä Group is committed to social and environmental responsibility and good governance. It has a zero tolerance policy towards any form of Modern Slavery. The concrete actions taken to ensure that we live up to this commitment should be viewed in the light of our larger efforts to develop the transparency, accountability and sustainability of our own operations and our supply chain.

Our business

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

Metsäliitto Cooperative is the parent company of Metsä Group. It is owned by more than 90 000 Finnish forest owners. Metsä Group consists of Metsäliitto Cooperative's two businesses Metsä Wood and Metsä Forest, and its subsidiaries Metsä Tissue, Metsä Board and Metsä Fibre. Metsä Group operates internationally and at the end of the year had 34 production units in seven countries in Europe, including the UK. Metsä Group's sales totaled EUR 6,1 billion in 2023 and it employs approximately 9,500 people.

Wood is the main raw material used in our production. In order to ensure that all the wood used for manufacturing purposes originates from sustainable sources and suppliers, all Metsä Group production sites use internationally recognised third party audited chain of custody schemes. This ensures full traceability of

wood. These schemes also have strict requirements for labour conditions.

Our operations in the UK

In the UK, Metsä Group's companies sell tissue products, greaseproof papers, paperboard, pulp as well as wood and timber products originating from our European manufacturing sites. In addition to products manufactured by Metsä Group, Metsä Wood UK also sells timber and timber products sourced from Europe, Asia and South America. Metsä Wood UK ensures the transparency of its supply chain from all its direct suppliers through internationally recognized third party audited chain of custody schemes.

Policy commitments, risk assessment and violations

Metsä Group is committed to respecting internationally recognised human rights and continuously develops its operations in alignment with the UN Guiding Principles on Business and Human Rights (UNGP). Since 2003, Metsä Group has been a signatory to the UN Global Compact corporate sustainability initiative and its ten principles in the areas of human rights, labour, environment and anti-corruption. We respect ILO Labour Standards. We also acknowledge the UN Sustainable Development Goals (SDGs) and work to develop our operations in close link to them.

Metsä Group's Code of Conduct sets the ethical requirements applied to our employees globally and Metsä Group as an organisation. The Code of Conduct places special emphasis on human rights, including the prohibition of Modern Slavery. We provide regular training to our personnel on the key contents of our Code of Conduct. By the end of the year, 96% of our personnel had completed the Code of Conduct e-learning.

Metsä Group Supplier Code of Conduct sets the minimum requirements for our suppliers in terms of compliance with applicable legislation, business ethics and sustainability, including the prohibition of Modern Slavery. Our objective is that all our suppliers commit to Metsä Group Supplier Code of Conduct.

In 2017, we initiated a human rights impact assessment process to deepen our understanding of the actual and potential human rights impacts resulting from our operations. Based on the results, we have continued to develop our operations and processes further to prevent more efficiently any adverse impacts on human rights. It was decided in 2023 that Metsä Group will complete a new human rights impact assessment and develop its human rights due diligence process during 2024.

We see that the biggest risk for Modern Slavery is not in our own operations but in our supply chain. In addition, often the most severe human rights risks are not related to our first-tier suppliers, but to the suppliers of our suppliers or even deeper in the value chain.

Metsä Group is committed to investigate and apply appropriate remedial actions with respect to any suspected Modern Slavery related violation. In 2023 we had no confirmed instances of Modern Slavery.

However, in 2023, Metsä Group was made aware of incidents that may have had a direct or indirect adverse impact on the company's human rights obligations. Any non-compliance related to working conditions, health and safety or other human rights topics is handled in accordance with Metsä Group's escalation process. In 2023, a total of ten companies had to be removed from Metsä Group's mill construction project sites because they did not comply with the set social sustainability requirements, and were unwilling or unable to rectify their way of working. The observed shortcomings in the companies' operations were mainly related to wages and working hours.

Secure way to report human rights violations

Metsä Group's Compliance and Ethics Channel is a secure online channel available in multiple languages for our own employees and any external stakeholders to raise concerns on unethical conduct, including suspected human rights violations. Reporting can be done anonymously. In addition to the online channel enabling reporting in writing, a telephone-based anonymous reporting option has been added e.g. for our UK operations. In 2023, no Modern Slavery issues were reported via the available channels and neither Metsä Group companies nor its management were found guilty of human rights related violations.

Processes and actions to prevent Modern Slavery

Ensuring supplier sustainability is one of the strategic 2030 sustainability goals of Metsä Group. Supplier sustainability is integrated into the procurement processes. Sustainability related risks are taken into account in yearly sourcing category planning.

Sustainability and compliance are important aspects in Metsä Group's supplier qualification process and assessments. A renewed process for the qualification of new suppliers was taken into use in the beginning of 2023. The process takes better into account that supplier minimum requirements, also related to human rights, are fulfilled.

Firstly, we expect all of our suppliers to commit to Metsä Group Supplier Code of Conduct, which includes prohibition of Modern Slavery. In 2023, 99 % of our spend was covered by the Supplier Code of Conduct requirements.

Secondly, we screen our suppliers using a third-party compliance screening tool, which is linked to Metsä Group's supplier data management system. One important target of the screening is to identify human rights violations and take necessary actions in case of actual or suspected violations. In 2023, 95% of our purchases were made from suppliers whose compliance had been screened and validated. In 2023, no cases concerning Modern Slavery in our supply chain were identified via this compliance screening process.

Thirdly, Metsä Group targets more detailed assessments and on-site audits to its most important suppliers and high-risk suppliers. In 2023, our main focus was on our most important suppliers out of which 57% have been assessed using questionnaires, audits or third-party assessments. The assessment criteria includes the actions and policies the supplier has in place to prevent forced labour and human trafficking.

In 2023, we started collaboration with EcoVadis, an international sustainability assessment company. The EcoVadis tool helps us to evaluate sustainability risks of different types of purchases and carry out detailed objective assessments of our suppliers. Modern Slavery risk is part of the assessment criteria.

Any sustainability related violations in our supply chain are handled according to an escalation process taking into account situations where human rights violations have taken place. The process intends to ensure that adverse impacts are remedied.

We have trained our procurement personnel, and other persons negotiating contracts, on Supplier Code of Conduct themes. Further, training on Modern Slavery has been provided for personnel responsible for supplier audits. The training gave guidance to the participants on how to recognize Modern Slavery risks during supplier site visits by paying attention to signs indicating that people may be victims of Modern Slavery. In 2023, we started Procurement Academy trainings for Sourcing and Logistics personnel. One day of the training was dedicated to sustainable procurement.

We understand that Modern Slavery risk is not static and that further risk mitigation activities as well as training are required in the years ahead. In addition to this annually published statement, further information is available in Metsä Group's Annual Review 2023.

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



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