



## MODERN SLAVERY ACT TRANSPARENCY STATEMENT FOR THE FINANCIAL YEAR 2021

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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 2021 to ensure that slavery and human trafficking is not taking place in any part of our own business or in our supply chain. Slavery, forced or compulsory labour, child labour, servitude and human trafficking (Modern Slavery) are global and growing issues for which no industry is immune to. Metsä Group is committed to social and environmental responsibility and has zero tolerance towards any form of Modern Slavery. The concrete actions taken to ensure that we live up to this commitment should be viewed in the light of our larger efforts to encourage the transparency, accountability and sustainability of our own operations and our supply chain.

### Our business

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

Metsäliitto Cooperative is the parent company of Metsä Group. It is owned by nearly 100,000 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 has 35 production units in eight countries in Europe, including the UK. Metsä Group's sales totaled EUR 6.0 billion in 2021 and it employs approximately 9,500 people.

### 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. Wood is the main raw material used in our production. In order to ensure that all the wood used for manufacturing purposes originates from sustainable sources and suppliers, all of our production sites are third party chain of custody certified (PEFC and/or FSC). This ensures full traceability of wood. These forest certification schemes also have strict requirements for labour conditions.

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

### Code of Conduct – Our own operations and the supply chain

Metsä Group is committed to respecting internationally recognised human rights and continuously develops its operations in alignment with the UN Guiding Principles on Business and Human Rights (UNGP). 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, revised in 2019, sets the minimum requirements applied with respect to our employees 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. In 2021, the share of personnel that had been trained in our Code of Conduct e-learning was 98%, when the target is 100%. Additionally in 2021, over 1.000 managers and human resources representatives participated in in-depth trainings on the Code of Conduct with objective to deepen the participants' know-how on ethics and provide them with tools for developing their own ethical thinking at work.

Metsä Group is committed to developing an equal and inclusive culture, where any form of discrimination and harassment is not tolerated. We are committed to treating everyone fairly and with dignity and respect. To support the realisation of these ethical principles and to further promote human rights, Metsä Group published in 2021 its vision 'Metsä For All' which sets the company level commitment for diversity, equality and inclusion. The vision supports our equality targets and development programme with concrete development actions such as an equality e-learning for the entire personnel.

Metsä Group's Supplier Code of Conduct was renewed in 2020. The Supplier Code of Conduct sets the minimum requirements for our suppliers in terms of compliance with applicable legislation, ethical business and sustainability. In the renewed version of the Supplier Code of Conduct, human rights, including prohibition of Modern Slavery, are increasingly emphasised and several related topics were added to the requirements towards our suppliers.

Metsä Group's Compliance and Ethics Channel is open for our own employees as well as any external stakeholders, such as customers or suppliers, to raise concerns on unethical conduct, including potential human rights violations. In 2021, no Modern Slavery related issues were reported.

## Processes and actions to prevent Modern Slavery

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

In 2017, we initiated a human rights impact assessment process to deepen our understanding of the actual and potential human rights impacts resulting from our operations. Based on the results, we have continued to develop our operations and processes further in order to prevent more efficiently any adverse impacts on human rights.

Procurement process is one of Metsä Group's core processes. We ensure that supplier sustainability is integrated in the procurement processes. For example, category and supplier sustainability risk identification and action planning is part of sourcing long range planning. We also have a process to identify and evaluate new and existing suppliers from compliance and sustainability perspective, and have developed the supplier auditing process. In addition, we have taken in use new internal process controls and have a specifically designed escalation

process for situations where human rights related violations have taken place, including dialogue with the injured parties and remediation.

Ensuring supplier sustainability is one of the key sustainability objectives of Metsä Group. We have three key performance indicators to monitor the realisation of the objective. Firstly, we measure the coverage of our Supplier Code of Conduct. Our objective is that all our suppliers commit to Metsä Group Supplier Code of Conduct. In 2021, 96% of our spend was covered by the Supplier Code of Conduct.

Secondly, we measure the share of suppliers whose compliance has been screened and validated by a third party source. One important target of the screening is to identify human rights violations and take necessary actions in case of actual or suspected violations. In 2021, 88% of our purchases were made from suppliers whose compliance has been screened and validated. In 2021, no cases concerning Modern Slavery were identified via this process or any other channel.

Thirdly, supplier sustainability is evaluated via self-assessment questionnaires and audits. In 2021, 45% of our suppliers based on our spend were evaluated. Evaluation criteria includes the actions that the supplier has in place for preventing forced labour and human trafficking.

In 2021, we trained our procurement personnel, and other persons negotiating contracts, on Supplier Code of Conduct themes. Further, training on Modern Slavery was provided for personnel responsible for supplier audits with the intention to teach them, how to recognize situations during site tours, where the risk for Modern Slavery is higher, by paying attention to signs indicating that people may be victims of Modern Slavery.

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

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



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