



Carbon Reduction Plan

Supplier name: Metsä Tissue

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Commitment to achieving Net Zero

Fulfilling the requirements of: Net zero PPN 06/21: Carbon Reduction Plans in the procurement of major government contracts in UK

Metsä Tissue is committed to achieving Net Zero emissions by 2050 in the UK, according to the requirements of the PPN 06/21 (Procurement Policy Note of the UK Government).

Metsä Tissue also fully supports the EU objective to reach climate neutrality by 2050.

With a strong commitment to our strategic sustainability 2030 targets, we are building a path to a climate neutral society and a more sustainable future.

In March 2023 Metsä Group committed to the regenerative forestry principles. Improving biodiversity makes the forests more vital and resilient also with respect to carbon sequestration.

Baseline Emissions Footprint

Baseline Year: 2018	
EMISSIONS	1000(tCO ₂ e)
Scope 1	227
Scope 2	447
Scope 3 (Included Sources)	*
Total Emissions	674

Current Emissions Reporting

Reporting Year: 2023	
EMISSIONS	1000(tCO ₂ e)
Scope 1	159
Scope 2 (market-based)	245
Scope 3 (Included Sources)	462 *
Total Emissions	866

* Scope 3 Emissions reporting

Metsä Group calculated and reported scope 3 emissions for the first time in 2023. The materiality of each of the 15 Scope 3 categories was determined using a spend-based materiality assessment. All the categories assessed to be material to at least one of the Group's business areas were calculated. Categories in which the amount of greenhouse gases was insignificant were also included in the Scope 3 inventory. The categories included in the calculations are 1 Purchased goods and services, 2 Capital goods, 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2 emissions), 4 Upstream transportation and distribution, 5 Waste generated in operations, 6 Business travel, 7 Employee commuting, 9 Downstream transportation and distribution, 10 Processing of sold products, 11 Use of sold products, 12 End-of-life treatment of sold products, and 15 Investments. The work for setting a scope 3 target is ongoing.

Emissions reduction targets

Our 2030 targets

- We only use fossil free fuels and purchase fossil free electricity
- We only use fossil free raw materials and packaging materials
- We increase forest management
- We safeguard biodiversity in commercial forests
- We recommend continuous cover forestry in peatlands
- We increase the production of wood products that store carbon for a long time
- We reduce our transport emissions***
- We use resources efficiently: Target more energy efficient production and reduction of process water use, as well as utilization of all process waste

Indicators

- 0 t fossil-based carbon dioxide emissions, Scope 1 and 2
- 100% fossil free raw materials and packaging materials
- +30% forest regeneration and young stand management*
- +50% forest fertilisation*
- +30% share of continuous cover forestry in peatland forests
- +30% amount of carbon stored in wood products**
- -22% transport emissions of products***
- -25% energy efficiency improvement****
- 0t of waste to landfills

* hectares, compared to 2018

** CO2 equivalent compared to 2018

*** Metsä Tissue specific target, compared to 2019

**** Metsä Tissue specific target level, compared to 2018

Carbon Reduction Projects

Carbon Reduction Projects Delivered

The following key environmental management measures and projects have been completed or implemented since the 2018 baseline, along with several other smaller projects.

The carbon emission reduction for scopes 1 and 2 achieved by these, and other similar schemes equate to 270 tonnes CO₂e, a 40% reduction against the 2018 baseline and the ongoing measures will be in effect when performing the contract.

In 2023, Metsä Tissue's Kreuzau mill in Germany accomplished its biofuel transformation from coal to wood pellets for process heat and steam generation. The emissions will be reduced by two third of the annual mill emissions (1). In addition, Metsä Tissue's Zilina mill closed its deinking operations to implement the fresh fibre transformation of the mill. Emission reductions due to the transformation are expected in the future through energy savings.

In March 2023 Metsä Group committed to the regenerative forestry principles (2). The aim is to improve the state of nature and comprehensively manage ecosystem services in order to have measurable and verifiable positive biodiversity impacts by 2030 at the latest (baseline year 2024). Improving biodiversity makes the forests more vital and resilient also with respect to carbon sequestration.

Metsä Tissue's Mänttä mill phased out the usage of peat in energy production in 2021, which helped to create a significant reduction in the company's carbon dioxide emissions and made the Mänttä mill's emissions in 2021 approximately 50% lower than 5 years before, in 2017 (3).

In January 2021 Metsä Tissue announced its plan to increase the efficiency of its fresh fibre tissue production in its Mänttä Mill in Finland, and the resulting investment into a renewed paper machine went into continuous production in September 2022. The upgrade was made, among other targets, to reduce the energy consumption per produced ton by around 15%, leading to lower carbon dioxide emissions (4).

Metsä Tissue also strives to reduce its Scope 3 emissions by limiting the emissions from transports. As an example of this activity, Metsä Tissue has started collaborations with local logistics partners in Finland in 2022 and Sweden in 2023 to gradually move its Lambi branded product transports towards less emitting and changed certain transport routes and trucks from diesel powered to ones running with biogas. In spring 2024, MT started the use of renewable diesel HVO in deliveries in Finland, which is expected to lower the CO₂ per delivered ton in the future.

Regarding Scope 3 emissions, Metsä Tissue also started a Sustainable Offering project in the beginning of 2020, which aims at reducing CO₂ emissions by, among other things, optimising product designs and increasing the share of recycled raw material in packaging.

In 2023, Metsä Tissue became a shareholder of "Modellfabrik Papier in Düren", Germany. Founded in 2020, the Modellfabrik is a society for research and development for sustainable paper technologies that conducts basic research in the field of emission-free paper production. This makes Metsä Tissue a part of an inter-disciplinary research network of industry and academia in Germany, in addition to Finland, where Metsä Tissue is headquartered.

Metsä Tissue is reporting its sustainability and social responsibility to the Ecovadis platform and has been awarded the highest Platinum rating for its work since 2020.

Future Carbon Reduction Projects

In the future we hope to implement further measures such as:

Metsä Group continues operating according to the regenerative forestry principles adopted in 2023 (2). Improving biodiversity makes the forests more vital and resilient also with respect to carbon sequestration. A tangible example of the practical implementation of regenerative forestry measures is the Metsä Group Plus service introduced in June 2023. It is a forest management model designed for Metsäliitto Cooperative's owner-members. The model includes measures that safeguard and improve the state of forest nature more comprehensively than is required by current standard practices. Metsä Group pays its owner members a bonus per hectare for Metsä Group Plus wood to compensate the lost wood income due to the additional measures. The service has been enthusiastically welcomed: of wood trades completed during Metsä Group's campaign in Feb–Apr 2024, approximately 40% were agreed in accordance with the Metsä Group Plus management model. The measures we carry out jointly with forest-owners significantly improve the natural state of forests (5). Metsä Group cooperates with researchers to develop means to measure the impacts of regenerative forestry in nature (6).

Metsä Tissue's strategy is focused on using fresh wood fibres as the main raw material for high-quality daily hygiene products. Metsä Tissue invests in fossil free future through different investments in modern fresh fibre production.

Metsä Tissue announced in September, 2023 that it has chosen Goole, East Riding of Yorkshire as the site for its planned new state-of-the-art tissue paper mill in the UK. The plan consists of 240 000 tons of tissue paper production capacity, built in several phases during the upcoming decade. The plans are part of the company's Future Mill programme to drive world class environmental performance in tissue production, and the new mill would also follow Metsä Tissue's target of running a fossil fuel free production by 2030. (7)

In spring 2023, Metsä Tissue started construction work on a mill expansion in Mariestad Sweden, investing significantly into fresh fibre based, local production. The mill renewal and expansion project will have a significant impact on the future efficiency of tissue production and will contribute to the reduction of carbon emissions per ton produced. (8)

Metsä Group plans to invest around EUR 100 million in its tissue paper mill in Mänttä, Finland, over the next five years to enhance sustainability and operational efficiency. The investment will modernize paper machines, improve energy and water efficiency, and introduce a new hand towel line by 2025. This initiative is part of a broader strategy to make all products and manufacturing sites fully fossil-free by 2030 and strengthen local self-sufficiency in hygiene products. (9)

Metsä Tissue is running a range of energy efficiency projects and activities across all of its mills to reach its strategic sustainability target of 25% improvement in energy efficiency by 2030. Similarly, several water efficiency projects are running in the tissue mills, the impact of which will benefit also energy consumption and consequently carbon reduction plan.

Metsä Tissue as part of Metsä Group is developing a climate transition plan aligned with CSRD requirements. Furthermore, the work for scope 3 target setting is ongoing as of August 2024. In addition, Metsä Group has established common carbon reduction targets

with our suppliers. With VR, the target is to halve the logistics emissions, which would represent a total of around 14,000 tCO₂e per year. The measures include the electrification of the rail network, more efficient train concepts and the use of diesel made from renewable raw materials. Another example of co-operation is the common target with Kemira to develop a new renewable product or raw material by 2027. (10)

- (1) <https://www.metsagroup.com/metsatissue/news-and-publications/news/2023/metsa-tissue-kreuzau-mill-reduces-co2-emissions-by-two-third-of-the-annual-mill-emissions/>
- (2) <https://www.metsagroup.com/news-and-publications/news/2023/metsa-group-marks-a-historical-turning-point-with-the-adoption-of-regenerative-forestry-principles/>
<https://www.metsagroup.com/sustainability/forests-and-wood/regenerative-forestry/>
- (3) <https://www.metsagroup.com/metsatissue/news-and-publications/news/2021/metsa-tissues-mantta-mill-no-longer-uses-peat-in-its-energy-production--a-significant-impact-on-carbon-dioxide-emissions/>
- (4) <https://www.metsagroup.com/metsatissue/news-and-publications/news/2022/metsa-tissues-renewed-tissue-paper-machine-in-mantta-goes-into-continuous-production--production-capacity-increases-and-carbon-footprint-diminishes/>
- (5) <https://www.metsagroup.com/news-and-publications/news/2024/regenerative-forestry-is-progressing-rapidly--the-metsa-group-plus-management-model-used-in-around-half-of-all-wood-trades-in-february/april/>
- (6) <https://www.metsagroup.com/news-and-publications/articles/measuring-the-impacts-of-regenerative-forestry/>
- (7) <https://www.metsagroup.com/metsatissue/projects/metsa-tissue-mill-in-the-uk/>
- (8) <https://www.metsagroup.com/metsatissue/projects/future-mill-in-mariestad/>
- (9) <https://www.metsagroup.com/news-and-publications/news/2024/metsa-group-launches-significant-investment-plans-for-its-tissue-paper-mill-in-mantta-finland/>
- (10) <https://www.metsagroup.com/news-and-publications/news/2022/metsa-group-and-vr-intensify-their-cooperation-on-sustainability/>
<https://www.metsagroup.com/news-and-publications/news/2023/metsa-group-and-kemira-are-intensifying-their-sustainability-cooperation-with-the-goal-of-a-new-product-or-raw-material/>

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol(1) corporate standard.

CO₂e emissions are calculated for Scope 1, Scope 2 and Scope 3. Scope 1 CO₂e emissions cover emissions from the production units. Direct emissions from the production of purchased heat and electricity together comprise Scope 2 emissions. Since 2020, Metsä Group started to calculate Scope 2 purchased electricity according to the GHG Protocol by using gross purchases. Scope 2 CO₂ emission calculation consists of two methods. The market-based method uses electricity supplier-specific emission coefficients completed with the national residual mix emission coefficients for non-tracked purchased electricity. The location-based method uses the total supplier mix emission coefficients by country. Coefficients for total supplier mix and residual mix are taken from the AIB (Association of Issuing Bodies) European Residual Mixes report. Scope 3 emissions are calculated according to Corporate Value Chain (Scope 3) Accounting and Reporting Standard by Greenhouse Gas Protocol (2). The materiality of each of the 15 Scope 3 categories was determined using a spend-based materiality assessment. All the categories assessed to be material to at least one of the Group's business areas were calculated. Categories in which the amount of greenhouse gases was insignificant were also included in the Scope 3 inventory. The calculated categories are 1 Purchased goods and services, 2 Capital goods, 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2 emissions), 4 Upstream transportation and distribution, 5 Waste generated in operations, 6 Business travel, 7 Employee commuting, 9 Downstream transportation and distribution, 10 Processing of sold products, 11 Use of sold products, 12 End-of-life treatment of sold products, and 15 Investments.

This Carbon Reduction Plan has been reviewed and signed off by the CEO of Metsä Tissue.

Signed on behalf of the Metsa Tissue:

Esa Kaikkonen, CEO, Metsä Tissue

Date: 20.08.2024

(1) <https://ghgprotocol.org/corporate-standard>

(2) <https://ghgprotocol.org/standards/scope-3-standard>