



## MODERN SLAVERY ACT TRANSPARENCY STATEMENT FOR THE FINANCIAL YEAR 2020

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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 2020 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 approximately 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 5.1 billion in 2020 and it employs approximately 9,200 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 renewed Code of Conduct places special emphasis on human rights, including the prohibition of Modern Slavery.

In 2020, the share of personnel that had been trained in our revised Code of Conduct e-learning was 96%, when the target is 100%. In addition to the e-learning course, a global classroom training programme was designed in 2019 to give deeper insight into business ethics, human rights and the possibility for an open discussion. So far, nearly 3000 Metsä Group employees have participated in these supplementary Code of Conduct classroom trainings.

Metsä Group is committed to developing an equal and inclusive culture, where any form of discrimination and harassment are 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, new development initiative has been launched regarding diversity, equality and inclusion. Metsä Group has set new equality targets and a development program with concrete development actions.

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 2020, 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 right 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 operate according to our key procurement processes, renewed in 2019, and ensure that supplier sustainability is fully integrated in the processes. For example, in sourcing long range planning we have increased focus on category and supplier sustainability risk identification and action planning, with increased emphasis on forced labour prohibition. We have created a process to identify and evaluate new and existing suppliers in compliance and sustainability perspective, and developed the supplier auditing process. In addition, we have planned internal process controls to ensure that the processes

are implemented. In 2020, a new escalation process was defined with emphasis on the characteristics of human rights related violations, including dialogue with injured and remediation.

Ensuring supplier sustainability is one of the key sustainability objectives of Metsä Group. In 2019, we defined the 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 2020, 94% of our spend was covered by 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 2020, we conducted compliance screening to suppliers representing 78% of our spend. In 2020, 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 2020, 48% 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 2020, we trained our procurement personnel on sustainability issues and how to utilise our supplier sustainability evaluation methods. In total, 650 hours were spent on this training, and Modern Slavery was one of the trained topics.

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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