

Metsä's year  
2023



# Your partner in sustainable growth

Metsä Group is an international forest industry group rooted in Finnish forests. We use northern wood to make recyclable products for the day-to-day lives of millions of people.

**Welcome to learning more about Metsä Group!**



# Sustainable growth strategy

Our operations are based on renewable wood from northern forests, which we use to make products for people's daily needs. Wood-based products play an important role in combating climate change, as they offer an alternative to fossil-based products. We focus on wood products, pulp, paperboard, and tissue and greaseproof papers, all of which have a good growth outlook. We are also looking for new opportunities for wood fibre and production side streams.

Industrial efficiency is at the core of our operations, meaning regular investments in production. Investments promote smaller emissions, energy savings and more efficient production. Renewed mills and production lines enable more products from less wood. Our completed, ongoing and planned investments since 2015 total around seven billion euros.

As our production increases, we want to enhance the growth and biodiversity of commercial forests. We are committed to improving the state of forest nature by 2030, and aim for forests to be transferred in a more vibrant condition from one generation to the next. Metsä Group's parent company Metsäliitto Cooperative is a cooperative of approximately 90,000 Finnish forest owners, which introduces a long-term approach and cross-generational stability to our operations.

Our values are visible in our daily operations. We renew and are renewed. We are a reliable and fair partner and employer. We achieve results responsibly.



Reliability



Cooperation



Renewal



Responsible  
profitability

The forest industry is a major employer and Finland's most important export sector, which provides wellbeing for society at large.





# Wood products for construction

The sturdiest part of the tree is made into wood products, often used as material in construction and transport vehicles, for example. We focus on upgrading logs into sawn timber, plywood and laminated veneer lumber, or Kerto® LVL.

Our latest investment in upgraded wood products is the Kerto LVL mill under construction in Äänekoski. Kerto LVL is a load-bearing construction material that is made of veneer and offers advantageous material efficiency. This means that wood is not wasted but used efficiently. Our previous significant investment in wood products, the Rauma sawmill, which started up in 2022, raises sawing efficiency and technology to a new level.

Wood products are a good choice as construction material. They reduce the carbon footprint of buildings and transport, and store carbon dioxide, keeping it out of the atmosphere.

# Everyday products from pulp

Commercial forests are managed by thinning them to offer trees more light and space to grow and become sturdy. Small thinned trees, the thinner parts of log wood, and sawmill chips are used to produce pulp. It is the world's most common biomaterial, which can be converted into a nearly endless range of everyday products. They are a good alternative to fossil-based products. Pulp can be used as the raw material for products such as cereal packages, kitchen and baking paper, respirators, textiles, and even toothpaste. We produce softwood and birch pulp, some of which is used for our own paperboards and tissue papers, and some of which is delivered to global markets.

## Our current investment projects:



- The new Kemi bioproduct mill and the development programme of the paperboard mill were completed in Kemi, Finland in 2023
- The capacity expansion of the Husum folding boxboard mill in Sweden was completed in 2023
- The expansion and modernisation of the Mariestad tissue paper mill in Sweden is underway
- The investment programme of the Mänttä tissue paper mill in Finland is ongoing
- Pre-engineering for the new tissue paper mill in Goole in the UK is underway
- Pre-engineering for the folding boxboard mill in Kaskinen, Finland is underway



## Lightweight and sustainable packaging

Our paperboards can be found in food and pharmaceutical packaging as well as in the surface layer of corrugated packaging. Our recyclable paperboards are safe to use, strong and lightweight, which means a small carbon footprint for the packaging and less waste.



## Daily cleanliness

Our tissue papers are an important part of the daily lives of millions of people. Kitchen and toilet papers from Serla, Lambi, Mola and Tento make daily hygiene easy. The Katrin products are a familiar in many toilet facilities and workplaces. Our greaseproof papers sold under the SAGA brand are designed for cooking and baking.

# More vibrant forests for the next generation

Sustainably managed forests remain thriving, grow well and function as carbon sinks.

Wood from northern forests is the main raw material for our products which can replace fossil-based materials. We are committed to the principles of regenerative forestry. Our goal is to strengthen the state of forest nature together with forest owners by 2030. Regenerative forestry pays greater attention to forest nature than is required by legislation and forest certification. We encourage forest owners to diversify forests, increase the amount of decaying wood and burnt trees in forests, and safeguard waterbodies and littoral forests. Regenerative forestry is based on naturally occurring tree species.

In addition to biodiversity, we aim to nurture the health of forests and promote forest growth with good forest management. Healthy and vibrant forests grow well, store carbon dioxide from the atmosphere and mitigate climate change.

As our owner-members own around half of Finland's private forests, every decision to promote the sustainability of their forests has an impact on the environment. Our forest management services offer our owner-members the opportunity to increase the financial and nature value of their forest assets hand in hand.

Five examples of regenerative forestry measures we recommend:

- More mixed forest. Forests of several tree species are more resilient to disturbances and climate change.
- Increasing the number of old, decaying and burnt trees in forests, as they are important for many species.
- Protecting valuable habitats such as springs, rocks and stony ground.
- In peatlands, ensuring that the environment is preserved, and that water resources remain balanced.
- Favouring nature management in herb-rich forests and sunlit areas because they are home to species not seen elsewhere.



# The 2030 sustainability targets

Companies can significantly influence the kind of world in which future generations will live. We have selected 24 sustainability targets with which we can influence the state of Earth as early as 2030 in accordance with the UN Sustainable Development Goals. The sustainability measures of a company the size of Metsä Group make a difference. All our employees have a personal bonus target related to sustainability.

Our sustainability targets focus on preserving and improving biodiversity. Climate change mitigation and adaptation, emission-free and waste-free processes, the personnel's wellbeing and diversity, and a culture of doing the right thing are other important areas. Implementing tangible measures throughout our value chain is also more important than ever. As a large societal operator, we can contribute both through our own example and by working with our partners.

These are a few examples of our 2030 sustainability targets. You can find all our sustainability targets and measures on the Metsä Group website.



With our owner-members, we will carry out at least 10,000 practical measures to improve biodiversity. We can influence the lives of threatened species by conserving the habitats they require, such as herb-rich forests, decaying wood or charred wood.



To mitigate climate change, we are reducing the amount of fossil-based carbon dioxide emissions that warm the atmosphere. We ensure the efficient use of natural resources by increasing the extent of value added by our products and using all production side streams, and making efficient use of water and energy.



Zero accidents is one of our key goals. We want to promote the diversity of our personnel, and we will move to anonymous recruitment processes and increase the share of women in our management. We are reinforcing our good practices and addressing concerns based on the observations from our ethics barometer.

# New products from wood

We are systematically looking to expand our product range, for example, by developing ways to convert pulp fibre and production side streams into new, more valuable products.

We have made the most progress in Kuura® textile fibre and Muoto™ moulded fibre-based packaging, which are being developed at our Äänekoski demo plants. They can replace cotton, plastic and other materials made from fossil raw materials. Everything we develop is based on wood from our owner-members' forests and is linked to our existing operations.

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We have made the most progress in Kuura textile fibre and Muoto moulded fibre-based packaging, which are being developed at our Äänekoski demo plants.

We are also exploring the conversion of our production side streams, including the recovery of wood-based carbon dioxide from pulp production for use as a raw material for fuels, various chemicals and plastic. In addition, we are studying the processing of lignin, generated in pulp production, as an ingredient of concrete and gypsum.

Apart from our own operations, our innovation company invests in start-ups that develop new applications for wood from northern forests.

Pictured here is lignin.





# Working at Metsä Group

What is Metsä Group like as an employer? Metsä Group offers various career options. Because our Group operates in approximately 30 localities, we offer excellent professional development opportunities for specialists in many fields.

We are building Metsä for all – a place where everyone can be themselves. We promote diversity, gender quality and equal opportunities. A sense of community and team spirit ensure Metsä Group is a welcoming place, where people feel at ease. We never compromise on safety and wellbeing. Metsä Group offers a work environment where people can grow, develop and thrive: our strong values and common goals provide good support. We have a variety of paths and people, but they all share the same direction.

Thriving, motivated and satisfied employees are a requirement for Metsä Group's success.

# A Finnish forest industry company with global operations

We are firmly rooted in Finnish forests: our parent company Metsäliitto Cooperative is owned by more than 90,000 forest owners. The raw material of our products is wood from northern forests.

We focus on the forest industry's growth sectors: wood supply and forest services, wood products, pulp and paperboards, and tissue and greaseproof papers. Our business areas are Metsä Forest, Metsä Wood, Metsä Fibre, Metsä Board, and Metsä Tissue. Metsä Spring is our innovation company.

Metsä Group's sales are approximately EUR 6 billion, and we have around 9,500 employees.

<b>METSÄ GROUP</b> The parent company Metsäliitto Cooperative comprises more than 90,000 Finnish forest owners.				
Sales		Comparable operating result		Personnel
6.1 EUR billion		488 EUR million		9,500
Wood supply and forest services	Wood products	Pulp and sawn timber	Paperboard	Tissue and greaseproof papers
<b>METSÄ FOREST</b>	<b>METSÄ WOOD</b>	<b>METSÄ FIBRE</b>	<b>METSÄ BOARD</b>	<b>METSÄ TISSUE</b>
<b>OWNERSHIP</b> Metsäliitto Cooperative 100%	Metsäliitto Cooperative 100%	Metsäliitto Cooperative 50.1% Metsä Board 24.9% Itochu Corporation 25.0%	Metsäliitto Cooperative 52% (69% of votes) The company is listed on Nasdaq Helsinki.	Metsäliitto Cooperative 100%
<b>METSÄ SPRING</b> Innovation company				



## Your partner in sustainable growth

The cover material of this report was produced at the Kyro 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 back layer was produced at the Äänekoski bioproduct mill. The coated folding boxboard made from pure fresh fibre is suitable for packaging and graphical end uses.

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