



## MODERN SLAVERY ACT TRANSPARENCY STATEMENT FOR THE FINANCIAL YEAR 2022

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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 2022 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 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 33 production units in seven countries in Europe, including the UK. Metsä Group's sales totaled EUR 6,980 million in 2022 and it employs approximately 9,500 people.

Wood is the main raw material used in our production and 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 transparency of its supply chain from all its direct suppliers through internationally recognised third party audited chain of custody schemes.

### 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 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. In Novem-

ber 2022, we published a renewed version of the Code of Conduct e-learning and by end of the year 55% of our personnel had completed the training. The previous version of the training was completed by 97% of our personnel.

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. By end of 2022, the e-learning had been completed by 95% of our personnel.

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, in 2022 we have added a telephone-based anonymous reporting option for our UK operations. In 2022, no Modern Slavery related issues were reported and neither Metsä Group companies nor its management were found guilty of human rights related violations.

## 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. The 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 2022, 98% 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. Screening is conducted through a third-party 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 2022, 93% of our purchases were made from suppliers whose compliance has been screened and validated. In 2022, no cases concerning Modern Slavery in our supply chain were identified via this process or any other channel.

Thirdly, supplier sustainability is evaluated via self-assessment questionnaires and audits. We use a risk based approach to select the suppliers that will be assessed or audited. Suppliers from specific categories and from high-risk countries are prioritised. In 2022, 48% of our purchases came from suppliers whose sustainability practices have been assessed and meet our requirements. Evaluation criteria includes the actions that the supplier has in place for preventing forced labour and human trafficking.

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 with the intention to teach them how to recognise situations during site visits where the risk for Modern Slavery is higher, by paying attention to signs indicating that people may be victims of Modern Slavery.

We see that the biggest risk for Modern Slavery is not in our own operations but in our supply chains. In addition, often the most severe sustainability risks are not related to our first-tier suppliers, but to the suppliers of our suppliers or even deeper into the chain. In 2022, we investigated deeper specific service and investment subcontractor chains. Together with selected suppliers, we investigated the parties in the chain and related responsibility risks, and agreed further development actions. We also utilise a proactive model to combat grey economy in the construction projects of our new mills. The model allows us to ensure that the subcontracting chain complies with laws and collective agreements, and that taxes and obligations are taken care of. We also inform people working on our projects of their rights.

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 and 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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