

Metsä Group  
Annual review 2024



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Metsä Group promotes wellbeing by producing renewable products from northern wood for the needs of millions of people.

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# This is Metsä Group

We are an international forest industry Group firmly rooted in Finnish forests. We use renewable northern wood to manufacture products for the needs of millions of people. Our main market areas are Europe, Asia and North America.

## Our business areas

### Wood Supply and Forest Services

Metsä Forest provides and develops the services offered to the members of Metsä Group's parent company, Metsäliitto Cooperative. It procures all the wood used by Metsä Group, mainly from its owner-members in Finland.

### Wood Products Industry

Metsä Wood produces engineered wood products. The company's main products are Kerto® LVL, birch and spruce plywood and upgraded sawn timber products.

### Pulp and Sawn Timber Industry

Metsä Fibre produces pulp, sawn timber, and other bioproducts and bioenergy. The company is the world's largest producer of bleached softwood market pulp.

### Paperboard industry

Metsä Board produces fresh fibre paperboards and has its main markets in Europe. Metsä Board focuses on lightweight and high-quality folding boxboards and food service boards, as well as white kraftliners. Metsä Board's shares are listed on the Nasdaq Helsinki.

### Tissue and Greaseproof Papers

Metsä Tissue produces tissue papers and greaseproof papers for households and professionals in Europe. The company's brands are Lambi, Serla, Mola, Tento, Katrin and Saga.

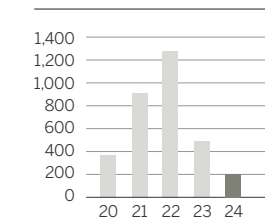


Wood-based products play an important role in achieving a low-carbon economy and combating climate change.

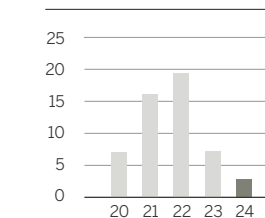
- Wood products ensuring long-term carbon storage for construction
- Light and strong packaging boards as an alternative to plastic
- Pulp and other bioproducts as raw material for renewable materials
- Cleaner everyday life with tissue and greaseproof papers
- Forest management services ensuring vitality and greater value for forests

## Key figures 2024

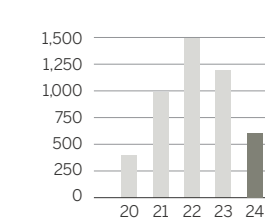
COMPARABLE OPERATING RESULT  
EUR million



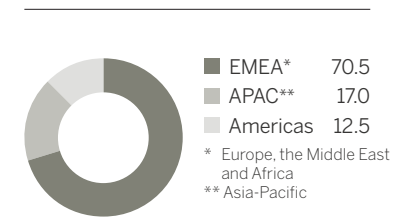
COMPARABLE ROCE  
%



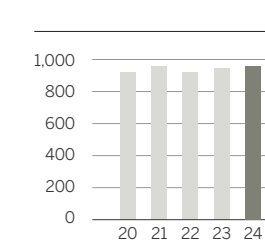
TOTAL INVESTMENTS  
EUR million



SALES BY MARKET AREA  
%



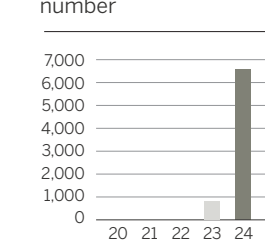
PERSONNEL  
at the end of year



TOTAL RECORDABLE FREQUENCY  
own employees (TRIF)



MEASURES PROMOTING BIODIVERSITY\*  
number



\* Measured from 2023. Target of 10,000 actions by 2030.

### METSÄ GROUP

The parent company Metsäliitto Cooperative is composed of more than 90,000 Finnish forest owners.

Sales  
EUR 5.7 billion

Comparable operating result  
EUR 203 million

Personnel  
9,600

#### Wood supply and forest services

**OWNERSHIP**  
Metsäliitto Cooperative 100%

**SALES**  
EUR 2.4 billion  
**PERSONNEL**  
700

#### Wood products METSÄ WOOD

Metsäliitto Cooperative 100%

EUR 0.6 billion  
1,700

#### Pulp and sawn timber METSÄ FIBRE

Metsäliitto Cooperative 50.1%  
Metsä Board 24.9%  
Itochu Corporation 25.0%

EUR 2.3 billion  
1,500

#### Paperboard METSÄ BOARD

Metsäliitto Cooperative 52% (69% of votes)  
The company is listed on Nasdaq Helsinki.

EUR 1.9 billion  
2,300

#### Tissue and greaseproof papers METSÄ TISSUE

Metsäliitto Cooperative 100%

EUR 1.2 billion  
2,500

METSÄ SPRING Innovation company

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# Group's financial position has remained strong

**Weak economic development characterised 2024. In Europe and China, our main market areas, weak economic growth reduced our sales volumes, and continued high wood costs weighed down our result. Nevertheless, the Group's financial position remained strong.**

After a financially weak 2023, strong growth continued to elude the market in 2024. Demand in the mechanical forest industry was undermined by the recession in the European construction industry. The pulp market was affected by muted demand in China, and in the paperboard industry, the market was hampered by the exceptional import volumes of Chinese paperboard, especially in the southern and eastern regions of the Mediterranean. For the global economy – and especially for Europe – 2024 was a period of weak economic growth.

### Continued strong development

The Group's financial position has remained strong despite the weak cycle. We had a year of record investment in 2023, especially because of the Kemi bioproduct mill's construction. We continued to make investments in 2024, the largest of which were the next-generation tissue paper production line in Mariestad and the Kerto LVL mill in Äänekoski, which also enables a significant technological leap. Our investments will strengthen our leading market position in these product groups. Metsä Group has been Europe's leading LVL producer since the 1980s, and we are the leading Nordic operator in the tissue paper market.

Metsä Group is committed to the sustainable long-term renewal of its business. Our development actions cover the value chain, from the forest to the customers who use our products. We assess our ways of working continuously and comprehensively. We are a signatory to the 2003 Global Compact initiative and have pledged to comply with the initiative's Ten Principles concerning human rights, labour, the environment and anti-corruption. In the review period, we published a Sustainability Statement in compliance with the sustainability reporting directive taking effect in 2025. This ensures we can meet the evolving demands of ESG reporting in our operations. Data management and up-to-date information systems play a key role in tackling challenges related to business efficiency and sustainability. At the end of 2024, we deployed our revised SAP ERP system in the first industrial business, the Wood

Products Industry. The system had previously been deployed as a centralised system in Finance and Wood Supply. In our other businesses, deployment will take place in 2025 and 2026.

We are continuing to develop our competitiveness and product range. In 2024, we released our development programmes to renew the Mänttä tissue paper mill and the Simpele paperboard mill. We carried out a pre-study for a mill producing new Muoto 3D packaging materials in Rauma, pre-engineering for a commercial Kuura textile fibre mill, and a project of a very significant scale for capturing wood-based carbon dioxide from our pulp mills' flue gases.

### Thriving forests are the foundation of our operations

The main goal of Metsä Group's parent company Metsäliitto Cooperative is to increase the value of its owner-members' forest assets. Metsä Group has more than 90,000 owner-members, who own approximately 5.5 million hectares of Finnish forest overall. Metsä Group offers them forest services and expertise to help our customers safeguard the yield and health of their forests in the challenging conditions caused by climate change. Forests and forestry are under pressure from various development goals. It is our mission to find a balance between profitable commercial forest use, actions mitigating preparations for climate change and actions promoting biodiversity. Metsä Group has set itself the goal of implementing regenerative forestry by 2030. This means that the forestry measures carried out in commercial forests promote increasingly strong forest biodiversity. The most important measure is Metsä Group Plus service, which enhances elements essential to biodiversity by e.g. increasing the amount of such as decaying wood, retention trees and buffer zones, is an important measure leading to this goal. In 2024, a third of wood trade was carried out in accordance with the Metsä Group Plus model. This makes our specialists' work tangible in Finnish forests.



### Living in a world of scarce resources

Metsä Group joined the group of organisations that have made a circular economy commitment launched by the Ministry of the Environment. We are committed to introducing new products based on our production side streams to the market and to reduce the share of wood material burned.

The circular economy is about resource efficiency. The world's scarce resources must be used as efficiently as possible to satisfy the needs of the global consumer base that continues to increase. Metsä Group produces products for the everyday needs of people. It must do so resource efficiently, ensuring that the product functionality required by an individual can be produced with minimal resource use across the product life-cycle. For

example, in packaging, packaged product loss, the amount of packaging material, and production emissions must be minimised in packaging, while the high post-use recyclability of packaging material must be ensured. The end result must be profitable business that enables continued development and meets the owners' financial targets. This is the kind of work that Metsä Group employees do every day in cooperation with the customers, partners and Finnish forest owners.

**Ilkka Hämmälä**  
President and CEO

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# Sustainable growth strategy

**Our business is based on renewable northern wood from which we resource-wisely produce first-class products replacing fossil-based materials.**

**Renewable products for the world**

We make optimal use of our valuable wood raw material and resource-wisely produce products that enable our customers to make better choices. We operate as a unified Metsä Group, and our mutually complementary businesses create wellbeing around us. In our business, we focus on wood supply and forest services, wood products, sawn timber, pulp, paperboard, and tissue and greaseproof papers – in which we have good growth prospects, competitiveness and world-class competence.

**Our ownership base is a competitive advantage**

Metsä Group has a unique ownership structure: our parent company is Metsäliitto Cooperative, formed by more than 90,000 forest owners. We mainly procure our wood raw material from the Cooperative's owner-members, which creates a stable foundation for business based on a multi-generational approach. It is in the interest of both Metsä Group and its owner-members that Finnish forests become more diverse and climate resilient, as this will continue to secure the availability of high-quality wood raw material and the production of competitive products.

**Regenerative forestry marks a significant change**

In 2023, we adopted the principles of regenerative forestry, which aim to strengthen forest nature and the vibrancy of forests in a changing climate. We are working with forest owners to verifiably improve the state of forest nature by 2030. We encourage forest owners to only grow native tree species, diversify forests, increase the amount of decaying wood and burnt trees in forests, and safeguard waterbodies and littoral forests. As our owner-members own more than half of Finland's private forests, every action we take to improve the sustainability of forests has an impact on the environment across Finland.

**Innovation from the forest**

In both our own operations and our cooperation networks, we develop more efficient ways of using wood and upgraded products of greater value as alternatives to fossil-based materials. We expand our product and service range and invest in new businesses with good growth prospects. Our innovation projects that have progressed furthest are our textile fibre and moulded fibre-based packaging. We are exploring carbon capture and lignin products. We help start-ups that can use Metsä Group's raw materials, competence and networks in their operations. Our comprehensive investments focus on innovation and the improvement of environmental and resource efficiency.

**Growth, with a future**

We are progressing further along the path of sustainable growth, benefiting our surroundings – nature, people and the economy. We monitor changes in our business environment and seek to harness megatrends, including geopolitical, climate and consumer behaviour changes, to work to our advantage. Occupational safety and developing our personnel's competence are part of our corporate culture. A strong market position, industrial efficiency and close cooperation with selected customers and operators secure our operational resilience, competitiveness and growth, with a future.

” Metsä Group is progressing along the path of sustainable growth benefiting society at large by offering employment, income and safety.

” Metsä Group's owner-members manage their forests across generations, creating a stable foundation for profitable business.

**Our purpose**

Advancing bioeconomy and circular economy by sustainably and efficiently processing northern wood into first-class products.

**Our vision**

To be the preferred partner in developing sustainable business.

**Our values**

- Reliability
- Cooperation
- Renewal
- Responsible profitability



**Profitable growth at Metsä Group**

**2016–2019**

- Plywood and Kerto LVL investments
- New paperboard machine at Husum
- Bioproduct mill in Äänekoski

**2020**

- Demo plant for the Kuura textile fibre in Äänekoski

**2022**

- Demo plant for the Muoto fibre product in Äänekoski
- Renewal of the tissue paper machine in Mänttä
- New sawmill in Rauma
- Recovery boiler investment for the pulp mill in Husum

**2023–2024**

- Bioproduct mill and linerboard mill in Kemi
- Expansion of the Husum paperboard mill
- Expansion of the Mariestad tissue paper mill
- Kerto LVL mill in Äänekoski
- Investment programme at Mänttä tissue paper mill
- Demo plant for lignin products in Äänekoski
- Renewal of the Simpele paperboard mill

**Potential investments**

- Renewal of the fibre line at the Husum pulp mill
- Change of production on Husum BM2 to foodservice packaging papers and greaseproof papers
- Tissue paper mill in Goole
- Muoto™ fibre product mill
- Kuura® textile fibre mill
- Carbon capture facility
- Investment programmes for Kyro and Husum board mills

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# The cooperative creates a strong foundation for operations

**Our ownership base and business structure differentiate us from our competitors. The cooperative's owner-members provide us with access to substantial volumes of premium wood raw material, which creates a solid basis for our operations and development. We are actively looking for opportunities to grow profitably and sustainably, and to create value for all our stakeholders through our operations.**

## Resources

### People and partnerships

- Approximately 10,000 employees in 27 countries
- Approximately 1,000 summer employees, apprentices and trainees
- Active cooperation with local communities and educational institutions
- More than 90,000 Metsäliitto Cooperative owner-members
- Approximately 12,000 suppliers

### Raw materials and supply chain

- 29 million m<sup>3</sup> of wood procured
- 84% of the wood we use comes from Finland, 15% from elsewhere in Northern Europe, and 0.8% from Central Europe.
- 93% of the wood procured is certified
- Every part of the wood is used efficiently and for the most valuable purpose
- The wood we use is entirely traceable, and 93% of our overall raw material purchases are traceable.

### Production

- 32 production units in 7 countries
- Total energy consumption 29.0 TWh
- Fossil free energy accounts for 91% of total energy consumption
- Process water intake approximately 19.1 m<sup>3</sup> per tonne produced

### Economic capital

- Total liquidity EUR 1,641.6 million
- Equity ratio 56.2%
- Net gearing ratio 22.2%
- Capital employed EUR 7,798.1 million
- Investments EUR 603.3 million
- Research and development EUR 54.3 million

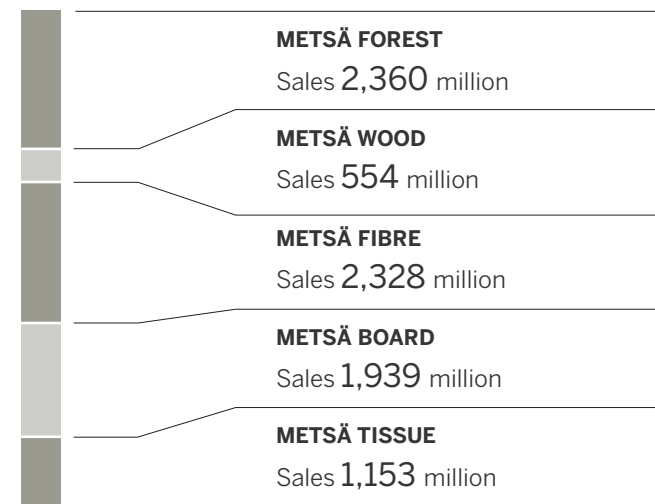
## Business model

### Business

We are an internationally operating Finnish forest industry company. We manufacture fossil free products from renewable wood from Nordic forests. We invest in growth, the development of new bio-based products and a fossil free future. Our parent company Metsäliitto is a cooperative owned by more than 90,000 Finnish forest owners.

### METSÄ GROUP SALES

EUR 5,747 million



Comparable operating result EUR 203 million

Comparable return on capital employed 2.9%

## Outputs

### Products and services

- Regenerative and sustainable wood trade, forest management and nature management services for forest owners. We conclude around 23,500 wood trade transactions annually
- Recyclable products for the needs of the global population, made from renewable resources and offering long-term carbon storage. The raw materials and packaging materials of our products are 99.2% fossil free. We supply products to 110 countries
- 2,000,132 m<sup>3</sup> of material-efficient wood products that store carbon in buildings throughout their service lives, for example
- 3,741,955 tonnes of pulp and bleached high-yield pulp as raw material for recyclable products such as paper, paperboard and other circular bioeconomy products
- 1,539,195 tonnes of lightweight fresh fibre paperboard as recyclable packaging material for food and food service packaging, for example
- 529, 439 tonnes of tissue and greaseproof papers to ease everyday life and improve hygiene
- 125,545 tonnes of renewable wood-based biochemicals such as tall oil and turpentine to replace fossil-based materials and fuels
- 17.1 TWh renewable energy produced

### Emissions and waste

- 886,984 tCO<sub>2</sub>e greenhouse gas emissions to air from our own production (Scope 1 and Scope 2, market-based)
- 4,748,459 tonnes of greenhouse gas emissions to air from our value chain (Scope 3)
- We use 96% of production waste and side streams as materials or energy. 14,696 tonnes of landfill waste.

## Impacts

### Environmental impact

- The impacts of the services we offer our owner-members are visible in the statistics of the biodiversity roadmap for all Finnish forests. Examples of the positive impacts include the diversification of tree species and increase in decaying wood. Metsäliitto Cooperative's owner-members own around half of Finland's private forests (some 5.5 million hectares).
- In 2023, to increase our positive environmental impacts, we set ourselves the goal of regenerative forestry to ensure that Finnish forest assets are transferred in a more vibrant, diverse and climate-resilient condition from one generation to the next
- We promote the climate change adaptation of Finnish forests by recommending mixed forests. After the young stand management we carried out, spruce was the only tree species in 26% of the forests
- We aim to abandon fossil-based fuels by 2030
- 96% of the water we use is returned to waterbodies after treatment
- We promote the circular economy by making efficient use of side streams and producing recyclable products

### Social impact

- We paid our employees worldwide EUR 712 million in wages, salaries and benefits
- We create approximately 15,000 jobs indirectly in Finland. Our employment impact is especially visible in rural areas
- 92% of our employees have a permanent contract. They serve an average of 14.3 years, and their engagement rate is 96%
- 99.1% of our purchases are from suppliers committed to our Supplier Code of Conduct

### Economic impact

- EUR 801 million to Finnish forest owners from wood sales
- EUR 445 million to Finnish harvesting, transport and forest management entrepreneurs
- EUR 93 million proposed profit distribution to Metsäliitto Cooperative's owner-members (to be confirmed at Metsäliitto Cooperative's Representative Council in April 2025)
- In addition to wood supply, other raw material purchases for nearly EUR 4 billion
- The value of exports from our Finnish mills is EUR 3.2 billion, accounting for approximately 4.4% of Finland's overall exports
- We paid EUR 177.2 million in taxes and tax-like charges, of which EUR 101.8 million was in Finland, EUR 36.3 million in Sweden and EUR 39.1 million in other countries

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Metsä Group's net sales were EUR 5.7 billion and the operating result was EUR 203 million. Financial position remained strong.

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\*part of the Report of the Board of Directors

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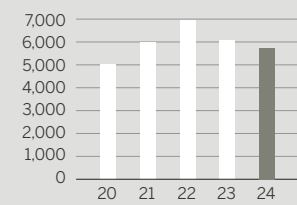
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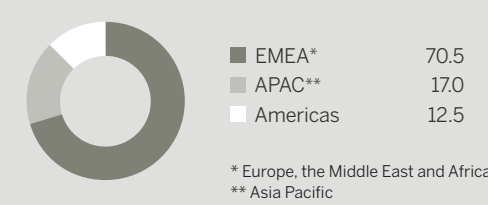
# Metsä Group key figures

**SALES**

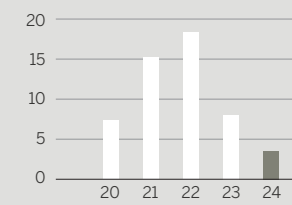
EUR million



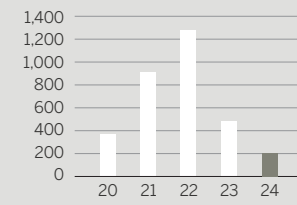
**SALES BY MARKET AREA**  
%



**COMPARABLE OPERATING RESULT**  
%

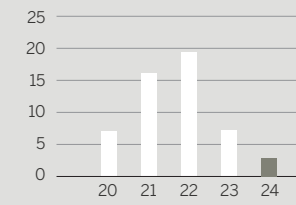


**COMPARABLE OPERATING RESULT**  
EUR million



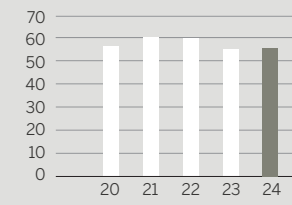
**COMPARABLE ROCE**

%

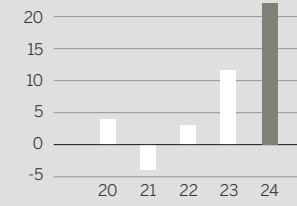


**EQUITY RATIO**

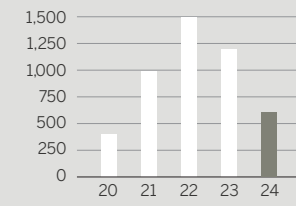
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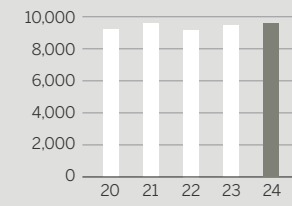
**NET FEARING RATIO**  
%



**TOTAL INVESTMENTS**  
EUR million



**PERSONNEL**  
at the end of year



# Report of the Board of Directors 2024

## Sales and result

EUR million	2024	2023	2022
Sales	5,747.2	6,110.4	6,980.2
EBITDA	654.1	845.3	1,636.4
- comparable EBITDA	648.8	833.0	1,564.4
Operating result	186.4	498.1	1,301.9
- comparable operating result	203.0	487.9	1,276.4
% of sales	3.5	8.0	18.3
Result before taxes	131.3	487.8	1,269.8
Result for the period	108.5	383.6	998.7

Metsä Group's sales in January–December 2024 were EUR 5,747.2 million (1–12/2023: 6,110.4).

The comparable operating result was EUR 203.0 million (487.9), or 3.5% (8.0) of sales. The decrease in the operating result is attributable to the decline in sales prices and increase in wood costs, among other things. The political strikes in Finland are estimated to have had a negative impact of approximately EUR 60 million on the operating result in the review period. The negative impact on the operating result from the gas explosion at the Kemi bioproduct mill is estimated at EUR 100 million. The comparable operating result includes EUR 82.5 million in insurance compensations for the gas explosion.

After hedging, exchange rate fluctuations had a negative effect of approximately EUR 36 million on the operating result of the review period compared to the previous year.

Items affecting the comparability of the operating result in January–December totalled EUR -16.6 million (10.2). Of the most significant items, EUR -5.4 million is related to the discontinuation of the Merikarvia sawmill's operations, EUR -7.6 million to the write-down of the pre-study concerning the Kaskinen folding boxboard mill, EUR 13.8 million to the sale of Russian subsidiaries, EUR -11.8 million to repairs at the Kemi bioproduct mill, EUR -1.6 million to items concerning the Future Mill programme, EUR 2.0 million to the divestment of the wood supply business in Estonia, EUR -21.1 million to the closure of the Suolahti mills, EUR 10.0 million to insurance compensation for the Kemi mill and EUR 8.1 to the sale of the fixed assets in Widnes, UK.

Metsä Group's operating result (IFRS) was EUR 186.4 million (498.1). The share of the results of associated companies and joint ventures was EUR -0.6 million (-1.2), financial income was EUR 27.5 million (50.4), exchange rate differences in financing were EUR -2.5 million (-1.1), and financial expenses totalled EUR 79.6 million (58.4).

The result before taxes was EUR 131.3 million (487.8), and taxes including changes in deferred tax liabilities totalled EUR 22.7 million (104.2). The Group's effective tax rate was 17.3% (21.4). The result for the review period was EUR 108.5 million (383.6). The effective tax rate decreased because of the recognition in 2024 of EUR 5.6 million in deferred tax assets from the unused tax depreciation base for MI Demo Oy.

The return on capital employed was 2.7% (7.3), while the return on equity was 1.9% (6.8). The comparable return on capital employed was 2.9% (7.2), and the comparable return on equity was 2.1% (6.7).

%	2024	2023	2022
Return on capital employed	2.7	7.3	19.9
- comparable ROCE	2.9	7.2	19.5
Return on equity	1.9	6.8	19.0
- comparable ROE	2.1	6.7	18.9

## Balance sheet and financing

	2024	2023	2022
Equity ratio	56.2	55.9	60.6
Net gearing ratio, %	22.2	11.7	3.1
Interest-bearing net liabilities, EUR million	1,235.7	662.9	177.0

Metsä Group's liquidity has remained strong. Total liquidity at the end of December was EUR 1,641.6 million (31 December 2023: 2,311.6). This consisted of EUR 991.6 million (1,511.6) in liquid assets and investments, and EUR 650.0 million (800.0) in off-balance sheet committed credit facility agreements.

The Group's liquidity reserve is complemented by uncommitted commercial paper programmes and credit facilities amounting to EUR 330.0 million (31 December 2023: 360.0) and by undrawn pension premium (TyEL) funds amounting to EUR 435.3 million (31 December 2023: 440.4).

Net cash flow from operations was EUR 10.9 million (925.6). A total of EUR 496.3 million in working capital was tied up (released: 240.8 Working capital decreased due to trade and other receivables decreasing by EUR 18.8 million. Working capital increased because inventories increased by EUR 333.4 million, while trade and other payables decreased by EUR 181.8 million).

The Group's equity ratio at the end of December was 56.2%, and its net gearing ratio was 22.2% (31 December 2023: 55.9 and 11.7). Net interest-bearing liabilities were EUR 1,235.7 million (31 December 2023: 662.9).

At the end of June, the equity ratio of the parent company Metsäliitto Cooperative was 86.6%, and the net gearing ratio was -16.8% (31 December 2023: 87.4 and -22.8).

In January–December, Metsäliitto Cooperative's members' capital increased by a total of EUR 89.8 million (86.0). The value of participation shares increased by EUR 6.8 million (5.7), and Metsä1 additional shares by EUR 182.0 million (188.7). The value of A additional shares declined by EUR -87.6 million (-60.4), and the value of B additional shares declined by EUR -11.4 million (-48.1).



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**Personnel**

	2024	2023	2022
Personnel, average	9,706	9,751	9,587
Personnel expenses, EUR million	712.1	706.5	720.6
Personnel at year end	9,581	9,464	9,155
- based in Finland	5,677	5,538	5,135

In January–December, Metsä Group had an average of 9,706 employees (9,751). Personnel expenses totalled EUR 712.1 million (706.5). At the end of December, the Group employed 9,581 people (31 December 2023: 9,464), of whom 5,677 (5,538) were based in Finland, and 3,904 (3,926) abroad. The parent company Metsäliitto Cooperative employed 2,404 people at the end of December (31 December 2023: 2,220).

The turnover of permanent employees was 7.7% (7.5), and the average duration of employment for the whole personnel was 14.3 years (14.6). Personnel expenses totalled EUR 712.1 million (706.5), of which paid salaries and remuneration, including share-based payments, were EUR 474.4 million (468.6).

Resource plans are made in preparation for future retirements and investment plans. If required, Metsä Group initiates apprenticeship training and invests in job rotation and competence development.

**Members**

At the end of December, Metsäliitto Cooperative had 91,367 members (31 December 2023: 91,694). During January–December, 2,740 new members joined the Cooperative, and 3,067 members cancelled their memberships. At the end of December, the forest area owned by the members totalled 5,500 million hectares (31 December 2023: 5,467).

**Investments**

EUR million	2024	2023	2022
Total investments	603.3	1,193.2	1,500.4
% of sales	10.5	19.5	21.5
Total investments in Finland	360.2	922.0	1,249.4

Metsä Group's total investments in January–December were EUR 603.3 million (1,193.2), of which investments in owned property, plant and equipment were EUR 566.3 million (1,132.1), and investments in leased property, plant and equipment were EUR 36.4 million (53.8). In January–December 2024, total investments included EUR 0.7 million (7.3) of acquired business operations.

The most significant investment projects are covered in more detail under "Business Development".

**Business development**

A comprehensive renewal of the ERP system is underway at Metsä Group. The project began with the specification of business processes in 2018. The first industrial deployment of information systems was carried out in Wood Products Industry in January 2025. The central financial system and the wood procurement information system, which are also part of the system package, have been implemented previously. The deployment plan for the last parts of the system will be specified during the first half of 2025.

In March, Metsä Group initiated a pre-study for the first commercial mill producing the Kuura textile fibre. The textile fibre has been researched and developed at the Äänekoski demo plant. The pre-study is the first planning stage of a potential commercial mill project.

In April, Metsä Group initiated a pre-engineering project for a commercial mill producing Muoto packaging. The company will use the results of the project to assess a potential mill investment in the Rauma mill site. Muoto packaging can be used for takeaway packages, berry containers and trays, for example.

In the second quarter, Metsä Group and Andritz initiated an investigation into the possibility of constructing a carbon capture facility in connection with a bioproduct mill. The investigation focuses on the capture of four million tonnes of carbon dioxide from a facility the size of the Kemi bioproduct mill. After the investigation, the project will proceed to the pilot stage on the Rauma mill area in 2025.

Metsä Group is constructing a new Kerto LVL mill in Äänekoski. The value of the investment is EUR 300 million, and the mill is expected to begin production in late 2026. The mill's annual production capacity is approximately 160,000 cubic metres, which represents a 50% increase in the company's total Kerto® LVL capacity. The construction of the mill is progressing according to plan and the installation of the equipment will start in the spring. The new mill's direct employment impact amounts to approximately 150 new jobs. In addition, around 200 jobs will be created in the mill's direct value chain.

Metsä Group is constructing a demo plant for lignin refining in connection with the Äänekoski bioproduct mill. Construction began in the summer of 2024, and the demo plant will be completed by the end of 2025. The plant's daily capacity will be two tonnes of the new lignin product.

In 2023, two significant investments were completed at the Kemi and Husum paperboard mills, which increased Metsä Board's annual paperboard capacity by approximately 240,000 tonnes. The total value of the investments was EUR 340 million, spread across 2022–2024.

Metsä Group is renewing the Simpele folding boxboard machine, which will improve the quality of paperboard, increase production efficiency and enable the replacement of fossil fuels in paperboard production. The renewal will also increase the mill's annual production capacity by around 10,000 tonnes. The value of the investment is approximately EUR 60 million, spanning the 2024–2026 period. It is expected to be completed in the second half of 2025.

The following stages of the renewal investment programme at the Simpele paperboard mill include renewals to mechanical pulp production and paperboard finishing, as well as a new power plant. The Kyro paperboard mill plans to improve the performance of barrier paperboards and expand their end uses. The total value of the Simpele and Kyro paperboard mill investments is expected to be EUR 250 million over the next ten years. Planning will continue for the renewal of the Husum pulp mill's drying machine and fibre line.

Because of the growing logistics volumes of the Husum mills in Sweden, the port concept in Husum has also been renewed. The value of the investments, mainly comprising new warehouse capacity, was around EUR 20 million and they were completed in 2024.

At the Husum mills, a programme is underway to introduce new products on the current production line for white kraftliner (BM 2). The goal is to find innovative solutions for the growing food and food service packaging segment.

Metsä Group decided earlier to increase its fresh fibre tissue paper production at the Mariestad mill in Sweden by renewing and expanding the mill in 2023–2025. The construction and machinery installations of the mill were well underway during 2024. The value of the investment is approximately EUR 370 million. The modernised mill will start operations in the second half of 2025.

The company is planning an investment in a tissue paper mill in Goole in the UK. The planned tissue paper production capacity is 240,000 tonnes, and the intention is to construct the mill in phases. Planning continued in 2024, focusing on the environmental impact assessment and submission of a planning application to the local authorities.

In February 2024, the company announced an investment programme of EUR 100 million to develop operations at the Mänttä tissue paper mill, renew the mill and extend its life-cycle. The purpose of the investment programme is to develop the Mänttä mill's production and environmental efficiency by investing in the modernisation of paper machines and converting lines and in the improvement of energy and water efficiency.

Some Metsä Group companies are party to legal proceedings concerning disputes about the responsibilities and liabilities arising from the supply agreements of the Group's most significant investment projects. These investment projects also involve unresolved disputes that may lead to the commencement of new arbitration or legal proceedings.

**Business areas**

**Wood Supply and Forest Services**

The sales of Wood Supply and Forest Services, i.e. Metsä Forest, in January–December totalled EUR 2,360.1 million (1–12/2023: 2,221.7), and the comparable operating result was EUR 28.4 million (18.7).

Wood Supply and Forest Services	2024	2023
Sales, EUR million	2,360.1	2,221.7
EBITDA, EUR million	37.0	35.2
- comparable EBITDA	35.6	24.9
Operating result, EUR million	32.5	29.0
- comparable operating result	28.4	18.7
% of sales	1.2	0.8
Comparable ROCE, %	13.0	10.9
Total investments, EUR million	3.3	9.8
Personnel at end of period	671	691

Sales increased from the previous year, mainly because of higher wood prices. Delivery volumes were roughly the same as in the previous year despite the strikes at Finnish production units in the early part of 2024, the production shutdown at the Kemi bioproduct mill, and the market-based production curtailment in the autumn.

Wood trade from private forests in Finland was good in 2024. Log and pulpwood prices were at a record high in the first half of the year. After the summer, wood prices fell slightly, but still remained very high. The weather conditions for harvesting were good in 2024. The pulpwood market situation in the Baltics was balanced for most of the year, but became characterised by oversupply in early autumn, and the roadside price level for overbark pulpwood fell well below Finnish prices. In Sweden, demand for logs and pulpwood was very strong throughout the year.

Metsä Group's wood purchases went very well in 2024. Metsä Group bought all grades of wood across Finland through standing and delivery sales. Especially in the summer, demand focused on thinning stands suitable for summer harvesting and on wood from delivery sales. Purchases of energy wood focused on crown wood. The majority of wood in Finland was purchased from members of Metsäliitto Cooperative. In terms of cubic metres, around 30% of the wood trades agreed in 2024 were covered by the Metsä Group Plus management model, which places greater emphasis on the nature management of commercial forests.

In 2024, Metsä Group delivered a total of 29.8 million cubic metres (30.4) of wood. Approximately 87% of this went to the industrial sector in Finland. In 2024, sales of forest management services increased to a new record high. Forest owners' customer experience was also at a record high.

Metsä Group's Wood Supply and Forest Services won the 2024 Finnish Quality Award granted by Excellence Finland, i.e., the Finnish Quality Association. The award is based on a thorough evaluation of the organisation's activities using the international EFQM (European Foundation for Quality Management) model.

The benefits for contract customers are improved by making the price guarantee method for wood trade more rewarding and transparent. In the new model, contract customers can monitor the monthly price development related to their trade in Metsäverkkö in the form of an index.

Metsä Group will introduce voluntary nature compensation measures for any deviation it may make from environmental regulations. The nature compensation compensates any harm to nature resulting from violations of the law. The compensation is based on an assessment by a team of experts.

**Wood Products Industry**

The sales of the Wood Products Industry, i.e. Metsä Wood, in January–December were EUR 553.9 million (1–12/2023: 591.6), and the comparable operating result was EUR 20.8 million (61.8).

Wood Products Industry	2024	2023
Sales, EUR million	553.9	591.6
EBITDA, EUR million	43.8	86.6
- comparable EBITDA	42.8	83.6
Operating result, EUR million	7.8	64.9
- comparable operating result	20.8	61.8
% of sales	3.8	10.4
Comparable ROCE, %	5.4	16.9
Total investments, EUR million	147.2	62.9
Personnel at end of period	1,650	1,550

In 2024, the company's sales declined by 6% year-over-year. Sales of engineered wood products decreased by 8%, and the sales in euros of

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the UK business decreased by 7%. The delivery volumes of Kerto LVL and spruce plywood and of the UK business decreased. Deliveries of birch plywood increased slightly. Sales prices of engineered wood products decreased significantly from the comparison period across all product categories.

Profitability decreased year-over-year due to the production shutdowns and delivery issues caused by political strikes at the beginning of the year. In addition, the higher raw material and energy costs, and limited availability of birch logs had a negative impact on profitability. Because of the poor availability of birch logs, the production of birch plywood had to be curtailed. Construction remained at a low level in Europe, which continued to be reflected especially in the weak demand for spruce plywood.

The operating result for the UK upgrading business increased from the comparison period as a result of production efficiency and adjustment measures.

The statutory change negotiations at the Suolahti mills, which started in October, have come to an end. After the change negotiations, the company decided that the Suolahti birch plywood mill would cease operations by the end of the first quarter of 2025, and the spruce plywood mill would cease production by the end of 2026 at the latest.

**Pulp and Sawn Timber Industry**

The sales of the Pulp and Sawn Timber Industry, i.e. Metsä Fibre, in January–December totalled EUR 2,328.3 million (1–12/2023: 2,498.6), and the comparable operating result was EUR 2.2 million (127.9).

<b>Pulp and Sawn Timber Industry</b>	<b>2024</b>	<b>2023</b>
Sales, EUR million	2,328.3	2,498.6
EBITDA, EUR million	252.8	274.4
- comparable EBITDA	248.6	286.5
Operating result, EUR million	5.8	114.6
- comparable operating result	2.2	127.9
% of sales	0.1	5.1
Comparable ROCE, %	0.2	4.2
Total investments, EUR million	111.7	714.9
Personnel at end of period	1,490	1,577

The operating result decreased compared to January–December 2023 due to lower production and delivery volumes of pulp and sawn timber, higher raw material and maintenance costs, and higher depreciation.

In 2024, sales and the operating result were affected by political strikes in Finland, the gas explosion at the Kemi bioproduct mill's evaporation plant and the resulting long production shutdown, and the production shutdown at the Joutseno pulp mill due to the market situation. The gas explosion at the Kemi bioproduct mill had a negative impact of approximately EUR 70 million, and the political strikes in Finland a negative impact of around EUR 35 million on Metsä Fibre's comparable operating result.

The sales volume of pulp in 2024 was 2,484,000 tonnes (2,747,000). In 2024, the average gross sales prices of Metsä Group's softwood market pulps increased by 18% in Europe and by 14% in the United States compared to the previous quarter. In China, net sales prices rose by 2%.

In 2024, the delivery volumes of softwood market pulp to China decreased, while those to Europe and North America increased from the previous year. Demand in China weakened significantly in the second

quarter due to lower than normal utilisation rates of paper and paperboard machines, and decreasing customer inventories, but returned to normal in the fourth quarter. In Europe, demand for softwood pulp was supported by good utilisation rates in paper and paperboard production in the first half of the year, but demand fell towards the end of the year as paper and paperboard production declined. In North America, demand for softwood market pulps remained at a normal level, especially due to strong demand in the tissue paper segment.

In 2024, sawn timber sales volumes were 1,194,000 m<sup>3</sup> (1,445,000). During 2024, the average market prices of Metsä Group's sawn timber were 11% higher than in the previous year.

Throughout the year, the demand for sawn timber remained at a lower level than usual in all the main markets. In Europe, demand for industrial end-uses of sawn timber decreased due to the weak construction cycle. In China, demand has been low in both the wood products industry and the export-driven furniture industry. Sawing operations in Merikarvia ended in early April 2024.

**Paperboard Industry**

The sales of the Paperboard Industry, i.e. Metsä Board, in January–December were EUR 1,938.6 million (1–12/2023: 1,941.9). The comparable operating result was EUR 69.0 million (122.2).

<b>Paperboard Industry</b>	<b>2024</b>	<b>2023</b>
Sales, EUR million	1,938.6	1,941.9
EBITDA, EUR million	175.9	214.6
- comparable EBITDA	175.0	216.0
Operating result, EUR million	62.3	120.8
- comparable operating result	69.0	122.2
% of sales	3.6	6.3
Comparable ROCE, %	3.2	5.1
Total investments, EUR million	175.4	228.7
Personnel at end of period	2,290	2,240

Total paperboard deliveries were 1,472,000 (1,373,000) tonnes. Metsä Board's market pulp deliveries were 400,000 tonnes (394,000).

The comparable operating result for January–December was weakened by the lower average prices of folding boxboard, in particular. On the other hand, profitability was improved by increased paperboard deliveries.

Average market pulp prices were higher than last year.

Exchange rate fluctuations, including hedges, had a positive impact of around EUR 5 million on the operating result compared to the comparison period.

Chemical and energy costs fell, but wood costs rose. Logistics costs and fixed costs were higher than last year.

Unused emission allowances were sold for approximately EUR 35 million (55) during the financial period.

The associated company Metsä Fibre's share of Metsä Board's comparable operating result in January–December was EUR -10.2 million (28.2).

The gas explosion at Metsä Fibre's Kemi bioproduct mill had a negative impact of approximately EUR 40 million, and the political strikes in Finland had a negative impact of around EUR 25 million on Metsä Board's comparable operating result for January–December. The comparable

operating result for July–December includes EUR 30.5 million of insurance compensations related to the gas explosion. All the above amounts include the effect of Metsä Fibre's share of the result.

Earnings per share were EUR 0.07 (0.27), and comparable earnings per share were EUR 0.09 (0.27).

**Tissue and Greaseproof Papers**

The sales of Tissue and Greaseproof Papers, i.e. Metsä Tissue, in January–December totalled EUR 1,152.9 million (1–12/2023: 1,250.2). The comparable operating result was EUR 103.2 million (188.6).

<b>Tissue and Greaseproof Papers</b>	<b>2024</b>	<b>2023</b>
Sales, EUR million	1,152.9	1,250.2
EBITDA, EUR million	148.6	243.2
- comparable EBITDA	148.1	232.3
Operating result, EUR million	101.6	198.7
- comparable operating result	103.2	188.6
% of sales	9.0	15.1
Comparable ROCE, %	13.2	27.4
Total investments, EUR million	208.5	127.3
Personnel at end of period	2,487	2,488

Sales volumes for both the full year and the fourth quarter were lower than in the previous year. Average sales prices were also lower than last year.

Market-based production curtailment continued.

The full-year result was down on the previous year due to lower sales volumes and prices and higher production costs. The operating result for the fourth quarter improved compared to the third quarter thanks to the energy subsidies received.

At the end of 2024, the German Federal Cartel Office started an inspection related to hygiene papers at the Kreuzau mill in Germany. The inspection does not mean that Metsä Tissue is guilty of anticompetitive practices and is not in itself a sign of the inspection's outcome.

**Research and development**

Metsä Group's research, development and innovation (RDI) operations develop high value added products made from northern wood and promote industrial efficiency and regenerative forestry based on the circular economy. In 2024, research and development costs totalled EUR 54.3 million (38.5), or 0.9% (0.6) of sales. The costs include direct expenses, excluding depreciations, and operational investments. The increase in costs reflects Metsä Group's inputs into the development of new businesses such as textile, packaging and lignin products.

<b>EUR million</b>	<b>2024</b>	<b>2023</b>
R&D expenses	54.3	38.5
% of sales	0.9	0.6

The goal of RDI operations is to create new products and services, exploit new technologies, and ensure the competitiveness of Metsä Group's current business operations. Research and development operations play an important role in the achievement of Metsä Group's sustainability

objectives. The role of RDI in our climate work is described under E1– Climate change and Transition plan for climate change mitigation and adaptation. The entire climate transition plan is available on Metsä Group's website.

In 2024, work continued in Metsä Group's five strategic R&D programmes, established in 2022, which involve broad cooperation across the company's business areas and with various partners. The programme themes are related to fossil-free raw materials, coatings, side streams, fibre products and the optimal use of northern wood. As part of the circular economy green deal launched by the Ministry of the Environment and the Ministry of Economic Affairs and Employment, we announced our goal of commercialising three significant new products or solutions based on Metsä Group's side streams by 2035. A new product or solution based on Metsä Group's side streams can be introduced to the market either by Metsä Group or one of its partners, but Metsä Group must have played a significant role in the development work.

Over the year, Metsä Group carried out several development projects to better understand the carbon balance and climate impacts of the company's operations. Metsä Group continued to develop best practices and validation methods for regenerative forestry and land use in cooperation with its partners. Metsä Group also carried out several research and development projects focusing on digital solutions and continued to test new technologies. Operating methods and supportive digital solutions have been developed for managing the impacts of the energy crisis and rapidly changing electricity market, for example.

Metsä Group engages in active cooperation with universities, research organisations, technology suppliers and start-up companies. Metsä Group continued its close cooperation with the University of Helsinki and the University of Oulu in line with its partnership agreements. It also cooperated with many other Finnish universities and universities of applied sciences. Metsä Group is also active in both national and the EU's research and development networks. The innovations and development programmes of these networks and partners play a key role in the development of new processes and products. In 2024, Metsä Group became a partner in SteamDry, an EU-funded project aiming for significant energy savings in the drying process of wood and fibre products.

The active stage of ExpandFibre, a collaboration coordinated together with Fortum and partly funded by Business Finland, ended in August 2024. The total volume of the research and development projects started in the innovation ecosystem during the four-year collaboration exceeded EUR 140 million. It is reasonable to expect that the efforts will create far-reaching opportunities for Finnish operators to commercialise and export new bioproducts and related technologies, services and competence. The ExpandFibre innovation ecosystem includes around 100 organisations and 33 R&D projects that share information about their targets and results. Metsä Group will continue as the ecosystem's coordinator during the transition stage in 2025.

Metsä Group's innovation company Metsä Spring is tasked with finding and developing new circular wood-based bioeconomy and business concepts in cooperation with partners. The innovation company invests competence and funds in business ideas that renew the Group over the long term. At the Äänekoski demo plant, the innovation company produces wood-based Kuura textile fibre from paper pulp using a direct dissolution method and collects customer feedback on end use. According to a life-cycle analysis, the greenhouse gas emissions of the new method are

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smaller than those of other textile fibre production methods. The Kuura textile fibre again placed very well in the Hot Button Ranking sustainability evaluation organised by Canopy, an environmental organisation. In March, Metsä Group initiated a pre-study for the first commercial mill producing the Kuura textile fibre.

At Metsä Group and Valmet's joint 3D fibre product demo plant in Äänekoski, a new production method for Muoto packaging is being tested and developed. The wood-based fibre product can replace packaging made of plastic and aluminium. In 2024, Metsä Group conducted a pre-study, the results of which will be used to assess an investment in the first commercial Muoto factory. The potential mill would be located in Rauma. Precommercial sales of Muoto packaging produced at the demo plant began in the autumn of 2024.

In 2024, Metsä Group studied with Andritz the impacts of capturing approximately four million tonnes of carbon dioxide at its bioproduct mill jointly. The assessment demonstrated that such capture was feasible, but that it required major investment and development in the related technology and market before it could become a profitable business. Metsä Group is progressing stage by stage in the carbon capture project and will pilot carbon capture next summer at the Rauma pulp mill.

The innovation company's portfolio includes the following six start-up companies, which continued to be supported in various ways: Woodio; Innomost; Boreal Bioproducts; Fiberwood; Adsorbi; and FineCellOx. Metsä Spring participated in the continued funding rounds of Fiberwood, Innomost and Adsorbi during 2024.

## Metsä Forest

Metsä Forest won the 2024 Finnish Quality Award granted by Excellence Finland (the Finnish Quality Association). The Finnish Quality Award is based on a thorough evaluation of operations following the international EFQM (European Foundation for Quality Management) model. Metsä Forest was considered to exemplarily lead innovation and employ new technologies. The prestigious award has been granted since 1991.

In cooperation with Natural Resources Institute Finland, Metsä Group conducted an assessment of the current state of biodiversity in its owner-members' forests. The assessment will determine the baseline for regenerative forestry. Moving forward, an identical assessment will be conducted at regular intervals. The key goal of regenerative forestry is to transfer forests in a verifiably more vibrant and diverse condition from one generation to the next.

Metsä Group promoted its Metsä Group Plus forest management model more actively among owner-members. The voluntary Metsä Group Plus model includes practical forestry measures with extensive impacts that supports the improvement of forest biodiversity on commercial forests' felling and forest management sites. In September, the model was expanded to encompass felling in lush, drained, spruce-dominated peatlands as long as continuous cover methods, meaning group selection or selection cutting, are used instead of clearcutting. The expansion reinforces the model's effectiveness in curbing climate change.

Metsä Group significantly reduced the use of fossil-based chemicals in harvesting when its contractors began using Phlebiopsis gigantea instead of urea in stump treatment and biodegradable oils to lubricate harvesters' saw chains. The changes implement Metsä Group's principles of regenerative forestry and reduce fossil-based raw materials and carbon dioxide emissions in harvesting.

The AI application developed by Metsä Group and CollectiveCrunch for the identification of insect damage won the main prize in the international Quality Innovation Award (QIA) 2023 competition. The application detects insect damage in forests, such as that caused by the bark beetle in spruce forests, before it is visible to the human eye. The application is based on artificial intelligence, machine learning and open data.

Metsä Group adopted stem volume-based pricing in regeneration felling in addition to thinnings. Metsä Group no longer uses the traditional fixed stem pricing, based on an advance estimate, for wood trade on regeneration felling sites. Stem volume-based pricing means that trees are purchased as whole trunks, and the price paid to the forest owner is based on the measured average stem volume of the felled trees. The way in which the trees are cut for various upgrading purposes does not affect the price paid to the forest owner.

Metsä Group developed a new more transparent price guarantee method for wood trade. Metsä Group's price guarantee applies to wood sales made by contract customers between 1 December and 31 May each year. Metsä Group offers its contract customers a price guarantee for wood trade tied to a regional price index. The wood prices will be adjusted if prices increase between the closing of the sale and the end of the following October. Any difference will be paid at the beginning of the following year.

A new feature, a carbon calculator, was introduced in Metsä Group's Metsäverkko service to help forest owners examine carbon flows in the forest, the amount of carbon stored in the soil, trees and wood products, and the development of the forest carbon pool as a result of forest management. The carbon calculator also offers practical examples illustrating the number of wood products that can be produced from the wood obtained from felling.

Metsä Group announced it would introduce voluntary nature compensation measures for its possible deviations from environmental regulations. As part of regenerative forestry, nature compensation overcompensates the harm to nature resulting from any violations of the law. The compensation is based on a case-by-case assessment by a third-party specialist group. Nature compensation will be applied in matters related to the Nature Conservation Act and the Forest Act. The compensation model is being developed, and it will be applied to detected deviations retroactively from 2023.

## Metsä Wood

In Metsä Group's wood products business, research and development focused on strategic programmes such as the replacement of fossil-based raw materials, the more efficient use of wood raw material, and the investigation of new products and technologies.

In 2024, test runs on new glue alternatives were carried out in the company's production in connection with the development of fossil-free glues. The company is also involved in an EU-level joint research undertaking (SuperBark), which aims for new fossil-free adhesives and coating solutions that use industrial side streams as raw materials.

The wood products business also conducted test runs for a more efficient and optimised use of the raw material base, especially in Kerto LVL products. Research focuses on both the wood raw material arriving at mills and the side streams generated from it, as well as the utilisation of side streams in mill processes. In development projects, process technology was developed jointly with suppliers, and potential new products supporting more efficient wood use were explored. Regarding Kerto LVL

products, research related to expanding the raw material base continued, and the first pilot products were sent to customers for testing.

The company also completed research into a material-efficient wall element technology suitable for multi-storey construction. The company and Heidelberg Materials Precast Contiga, a Swedish concrete manufacturer, continued their collaboration aiming to combine the best properties of concrete and wood in future construction solutions. Heidelberg Materials Precast Contiga launched a hybrid element serving as carbon storage on the market.

## Metsä Fibre

Metsä Group's Pulp and Sawn Timber industry continued to develop new fibre-based products in the ExpandFibre collaboration project, focusing on a biocomposite fibre and new lightweight fibre material concepts, for example. The company is developing new fibre products for both existing and new applications and value chains.

Metsä Fibre and Andritz decided to construct a demo plant for an oxidised lignin product in connection with the Äänekoski bioproduct mill. The product's suitability for the construction industry's needs will be developed in cooperation with Dow Construction Chemicals. The demo plant is scheduled to be completed in late 2025.

Regarding the development of future mill concepts, the company continued its long-term project that aims for a bioproduct mill with zero wastewater discharges in collaboration with partners.

In the first half of 2022, Metsä Group's pulp and sawn timber business and Veolia signed a long-term partnership agreement on the refining of crude methanol generated in pulp production at the Äänekoski bioproduct mill into commercial biomethanol. Veolia is building a crude methanol refinery in Äänekoski which will be closely integrated into the bioproduct mill processes. Production at the refinery operated and owned by Veolia is slated to begin in the spring of 2025.

## Metsä Board

In the circular economy for fibre-based packaging material, Metsä Board's task is to provide markets with premium fresh fibre paperboards as resource efficiently as possible, help replace fossil-based materials and reduce the carbon footprint of packaging. Ensuring and developing the recyclability and compostability of paperboards is of key importance.

Reducing the weight of paperboard is one of the key areas of Metsä Board's product development. Apart from the use of fossil free energy in production, the light weight of paperboard plays a significant role in reducing the carbon footprint. In 2024, a carbon footprint report comparing different paperboard grades in medical packaging, validated by a third party, was published. According to this, Metsä Board's paperboards enabled a carbon footprint considerably smaller than that of grades representative of European paperboards on average.

The development of bio-based barrier coating for end uses in food packaging is another key area in product development. At the Kyro board mill, an investment programme was launched in 2024 to improve the performance of barrier boards and expand end use areas.

The amount of plastic was successfully reduced in the PE-coated folding boxboard produced at Husum without compromising the paperboard's barrier properties.

Pre-engineering for the folding boxboard mill in Kaskinen aimed for world-class production efficiency and a further decrease in raw material,

energy and water consumption per tonne produced. The investment was cancelled, but the results of the pre-engineering work have been used in the renewal of the Simpele board mill, launched in 2024. The pre-engineering results will also serve other projects still in the planning phase, such as the development of Kyro barrier boards.

Jointly with Soilfood, Metsä Board is studying the utilisation of fibre-based side streams from paperboard mills in animal bedding. Novel bedding fibres are a renewable alternative for peat, commonly used as animal farms.

Metsä Board's Excellence Centre in Äänekoski offers an active collaboration environment for the research, innovation and testing of packaging materials and solutions. In 2024, the Excellence Centre hosted 49 development workshops, organised jointly with customers, focusing on topics such as reducing the environmental impacts of packaging. Some of the workshops were organised virtually.

Metsä Group and Fortum's ExpandFibre cooperation project concluded in 2024. It was part of Business Finland's challenge for leading companies and received a funding decision in 2020. Metsä Board's share in the project involved the development of the packaging sector, and the work benefited from the Excellence Centre's cooperation network and barrier board development work.

In 2024, Metsä Board's research and development expenses totalled EUR 7.4 million (7.3), or 0.4% (0.4) of sales. The costs include direct expenses, excluding depreciations and operational investments.

## Metsä Tissue

Metsä Group's tissue paper business uses fresh fibre, or pulp, as its main raw material. Recycled fibre is also used in production, but the availability and quality have declined rapidly. In addition to its own brands, the company develops and produces a range of private labels for European retailers.

The company's research and development activities are focused on utilising fresh fibres, as increasing its usage in tissue papers plays an important role in improving for example the energy efficiency in the production. The expansion and modernisation of the ongoing Mariestad mill in Sweden focuses on fresh fibre production, which will increase the share of fresh fibres in the mill's production to 80%. The entire production of the new planned tissue paper mill in the UK would be based on the usage of fresh fibres. During 2024, the company accelerated the transition to the use of fresh fibre in other markets as well.

The company has started test marketing a tissue product concept in the German market, made of fresh fibre pulp from Äänekoski. With this product customers could benefit from the emission related benefits of using Metsä Group's forerunning pulp from the Äänekoski mill, based on the results of a study made by Fraunhofer Institute in 2023.

The company participated in the 'Modellfabrik Papier' network in Germany. Founded in 2020, Modellfabrik is a research and development community for sustainable paper technologies, where Metsä Tissue, along with other network participants, actively invests in the development of a carbon-neutral society and more sustainable business practices.

In the Katrin dispenser range, three new dispensers were developed and launched. The new flagship of the assortment is the Katrin XL hand towel dispenser, which was pre-launched in Sweden, and the launch will continue in other markets during 2025. At the heart of the launch is the 'Freedom of choice' concept, which aims to emphasize the accessibility and

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importance of good hygiene in all situations by offering flexible dispensers that are not limited to using only one type or quality of hand towels.

The development of new food packaging papers has continued in the Greaseproof paper business.

## Risk management and risks

Metsä Group's risk management is systematic and proactive, and it assesses and manages business-related risks, threats and opportunities. Risk management is governed by the risk management policy confirmed by the Board of Directors of Metsä Group's parent company Metsäliitto Cooperative, and by Metsä Group's corporate governance system. Metsä Group systematically assesses its strategic, operational and financial risks. Key risks are accounted for in the business operations' planning processes, and management measures are drawn up to prepare for the risks. In addition, the Metsä Group's Executive Management Team reviews the most significant risks as part of its executive management work. Risks that exceed the Group's risk-bearing capacity have been transferred with insurance, derivatives and other contracts to insurance companies, banks and other counterparties.

The risks identified and their management are regularly reported to the Board of Directors at least twice a year. The risk assessments conducted in 2024 identified the following risks and uncertainties with a potential impact on Metsä Group's business operations and profitability.

### Strategic risks

#### Development of the world economy

The development and growth of the global economy continues to be marked by uncertainty. In the euro area, economic growth has remained quite weak despite the recovery, and it is clearly slower than growth in the US. Low consumer confidence in the economy and weaker purchasing power have reduced demand for consumer products. In 2024, slowing inflation and decreasing interest rates boosted consumers' purchasing power to some extent, but consumers are still cautious in their purchase decisions, and consumption focuses on services. A prolonged situation may decrease the demand for Metsä Group's products and weaken the company's profitability.

In 2024, central banks cut their interest rates – more so in Europe than in the US. While interest rate cuts are expected to continue, rates may also remain at the current level or even increase. This could have negative impacts on the economy, the most significant of which are a continued weak growth outlook and a prolonged risk of recession, lower real income due to high inflation, and a further decrease in consumers' purchasing power. All these may negatively affect demand for Metsä Group's products, business continuity or the company's profitability.

#### Changes in the competitive and operating environment

Metsä Group operates in an industry where the balance between supply and demand, and any changes to it, affects the demand for and prices of end products. Competitors' increased capacity and increased imports or competition for market shares may reduce the price level and negatively affect Metsä Group's profitability. Significant currency fluctuations may have an impact on the market balance of products and companies' competitiveness. Changes in regulation such as the EU's climate and

environmental policy and increasing new requirements for limiting carbon dioxide, sulphur or other emissions may negatively affect the Group's operating conditions and profitability. Various regulatory risks are also related to the acceptability of single-use food and food service packaging.

### Geopolitical risks

The import tariffs planned by the new US administration, aimed at protecting the domestic economy and companies, could weaken the relative competitiveness of Metsä Group's products and thus the profitability of business.

Russia's continued military aggression in Ukraine has maintained global geopolitical tension and has had a negative impact on the economy. The impact of Russian sanctions and countersanctions, as well as the risks caused by the crisis, affect areas such as the costs and availability of production inputs, energy infrastructure and cybersecurity.

The ongoing conflict in the Middle East is causing uncertainty in the global business environment, and its prolongation or expansion may have a negative impact on world trade, the supply chain and raw material prices.

Other potential changes in the industrial and trade policies of leading industrialised countries, the materialisation of geopolitical risks, or an escalation of geopolitical risks may lead to more extensive measures restricting trade or the use of international sanctions. Their possible consequences include a further slowdown in the recovery and growth of the world economy, and even a curtailment of global trade flows. Any sanctions and restrictions on international trade may have an impact on the demand for Metsä Group's products and the company's profitability.

### Pulp price risk

Metsä Group is more than self-sufficient in pulp. Changes in the market price of pulp have a significant impact on Metsä Group's operating result. Metsä Fibre's pulp production capacity is around 4 million tonnes of bleached softwood and hardwood pulp per year. In addition, Metsä Board produces pulp in Husum for both internal paperboard production and the market. In the global pulp market, structural changes in customers' pulp use, increasing competition and additional production capacity may have a negative impact on the demand for and price trend for market pulp.

### Impact of the Chinese economy

China is an important market especially for Metsä Fibre, as nearly half its market pulp is sold to China. Chinese economic growth has slowed due to challenges in the country's real estate market and tight corporate regulation. Domestic consumer demand is also weak, and central government's recovery measures have not halted the slowdown in growth. In addition, demographic factors and increasing geopolitical tension, especially between China and the US, may affect China's future economic development. Should relations between the EU and China deteriorate, or the Chinese economy and consumer demand slow further, these may have a negative impact on demand for Metsä Group's products on the Chinese market. Problems in China's industrial sector may increase the problems and costs of global supply chains.

### Sustainability

Sustainability is an integral part of Metsä Group's business, and we aim to be a forerunner in ecological and operational sustainability. The various areas of sustainability such as climate change, biodiversity and increasing EU regulation also involve risks.

Sustainability-related risks and their impacts on the company are separately discussed in this report's Sustainability statement.

## Operational risks

### Cost and availability risks of production inputs

Significant or unforeseen changes in the cost of Metsä Group's most important production inputs such as wood, energy and chemicals, and problems with their availability, may reduce profitability, threaten the continuity of operations, and place the implementation and life-cycle profitability of planned development investments at risk.

The end of Russian wood imports and the increased use of pulpwood for energy have made the market situation for wood raw material tighter in the Baltic Sea region and led to a steep increase in the price of wood. Challenges in the availability of wood could impact production continuity and thus the Group's product sales and profitability. Should the conflict in the Middle East spread, it may affect the price of oil and natural gas. Changes in the prices of electricity, natural gas or chemicals, or challenges in their availability, as well as changes in the prices of emission allowances, may have a negative impact on Metsä Group's profitability.

Restrictions to the availability of transport capacity or a steep increase in market prices may have a negative impact on Metsä Group's profitability. The conflict in the Middle East and its impacts in the Red Sea cause uncertainty about ocean transports. A prolonged unstable security situation in the region may have a negative impact on the transports of Metsä Group's products and thus the company's profitability. Changes in exchange rates may have an effect on the costs of some production inputs. Metsä Group hedges against these risks with long-term delivery agreements and related derivative agreements.

### Concentration of operations in a limited geographical area

Most of Metsä Group's production capacity is in Finland. In the past, Finland has seen several labour disputes in both the forest industry and the distribution chain of forest industry products. They may have a negative impact on production volumes and customer deliveries, weakening the Group's competitiveness and profitability. Labour disputes in other countries may also interfere with Metsä Group's production and customer deliveries and have a negative impact on the company's business operations.

### Production continuity risks

The continuity of mills' production may be impacted by large-scale fires or explosions, significant equipment malfunctions, serious accidents, extreme weather phenomena, and environmental damage, for example. In addition, labour disputes, cyberattacks and malware, or ensuing long-term malfunctions in IT systems, significant absences of employees due to infectious diseases, availability issues concerning the most important raw materials, and disruptions in the logistics chain may suspend the entire business or parts of it.

Interruptions in production or the supply chain may influence the continuity of customer service and delivery reliability. If such interruptions continue for a long period, the resulting financial losses may be substantial and result in the loss of customers.

Business areas, mills and Group services have drawn up contingency plans in preparation for the realisation of continuity risks. In this context, regular risk management is also carried out with insurance companies to reduce continuity risks. Insurance to protect property and business

has been taken out. Metsä Group's crisis management plan guides management in crisis situations within the Group, business areas and mills.

## Business development

The objectives of business development projects and investments include growing the business, expanding the product portfolio, strengthening the market position and promoting sustainability targets. The development and growth of business require strategic choices that involve risks. The uncertainties in question involve the selection and timing of growth investments, for example, as well as the development of sales and the customer portfolio.

The growth of business and the introduction of new production to the market depend on successful sales. The commercialisation of new products involves uncertainties that, should they be realised, could have a negative impact on the demand for Metsä Group's products and the company's profitability. Increasing sales on a global scale also involves cost and exchange rate risks.

Metsä Group's business operations are also developed with the aid of new production technology, efficiency programmes, product development, and the development and harmonisation of business processes and the information systems supporting them. If development projects and investments significantly exceed their costs, or if their completion or the start-up of new production is delayed, or if their production or commercial objectives are not met, this could negatively affect the Group's profitability.

The Group's innovation company Metsä Spring seeks and develops new business ideas with the potential of functioning as part of Metsä Group's business ecosystem in the future. Metsä Spring invests in the further development of the Group's own ideas and in external start-ups that are aiming to introduce new products to the market. Investments are made in high-risk ventures such as the textile fibre demo plant and the 3D fibre product demo plant in Äänekoski. If the development projects invested in are technically or commercially unsuccessful, there may be a risk of a write-down of the investment.

Metsä Group's key objective is to create value for the forest assets of Metsäliitto Cooperative members and to develop business in accordance with economic, social and ecological responsibility. Innovative forestry, efficient use of resources and personnel development and well-being are essential parts of Metsä Group's profitable growth strategy and business. More information on these topics is provided in the sections of the sustainability report: E4 – Biodiversity and ecosystems, E5 – Resource use and circular economy and S1 – Own workforce.

Metsä Group interacts with its key stakeholders and develops its operations based on stakeholder feedback. Stakeholder interaction is described in the sections of the sustainability report Stakeholder interests and views and S - Social responsibility. Note 4.1 to the financial statements provides additional information on intangible assets on the balance sheet.

### Corporate and information security risks

Risks to corporate security include shortcomings and neglect in personal safety, security and safety at work, and in the management of financial misconduct, any negative information manipulation and cyberthreats, threats affecting the supply chains, and the adequacy of internal control. A cyberattack on information systems could lead to a leak of sensitive information and damage the company's reputation. Operating processes related to corporate security and the guidelines, training and internal control related to the management of threat factors are developed

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continuously, and exercises on the management of crisis situations are organised on a regular basis.

### Personnel availability and retention

Metsä Group pays attention to ensuring the availability and retention of competent personnel through various personnel development programmes and successor plans, and by investing in its employer image. Metsä Group also prepares for retirements and other personnel risks by promoting multiple skills and work ability, as well as through job rotation. To prepare for the resource needs of any new units, personnel planning and recruitment processes are initiated well in advance. Factors threatening employees' health security are monitored regularly, and any required measures are adopted to protect the personnel and ensure business continuity.

### Liability risks

The business involves contractual, environmental and product liability risks. Liability risks are mitigated by way of unified business processes, contract training, management practices, quality control and transparent operations. Some of the operational liability risks have been hedged with insurance policies.

### Business ethics

Risks related to business ethics are discussed in this report's Sustainability statement.

### Financial risks

At Metsä Group, financial risks in business operations are primarily related to currencies, interest rates, liquidity, counterparty risks and the use of derivative instruments. Financial risks are governed according to the financial policy confirmed by the Board of Directors of Metsäliitto Cooperative. The goal is to secure sales margins, reduce uncertainty, improve predictability, balance the cash flow and give business units time to adjust their operations to the changed circumstances.

Access to capital and the price of capital are largely dependent on the conditions prevailing in the financial market and the Group's own financial situation. Metsä Group's good financial situation and well-functioning financial markets have kept the availability and price of financing at a good level. Should access to financing grow weaker or were its price to increase significantly, it could also have a negative impact on the cost and availability of the external capital needed by the Group.

Metsä Group prepares for the refinancing risk by utilising a variety of financing sources, by scheduling loans to have a balanced maturity profile and by starting refinancing processes well before the loans mature. The Group's liquidity is strong. At the end of 2024, Metsä Group had committed credit facilities of EUR 650 million.

### Changes in members' capital and additional members' capital

A member of Metsäliitto Cooperative who wishes to cancel their membership is entitled to receive a refund of their participation share payment and the additional contribution payment. The member may also receive a refund of the additional contributions based on a written claim. Based on the Cooperative's rules, the amount of members' participation share payments and additional contributions that can be refunded is

equivalent to one third of the distributable equity in accordance with the most recent balance sheet adopted by the Annual General Meeting. Refunds of members' capital that are larger than usual may have an adverse effect on Metsä Group's financial position.

### Credit risks and other counterparty risks

The management of credit risks related to commercial activities is the responsibility of the business areas and Metsä Group's centralised credit control. Credit control defines the internal credit limits set for customers and the payment terms together with the management of business operations. Metsä Group's customer credit risk was at a normal level in 2024.

The main principles of credit control are defined in the credit guidelines approved by the Group's Board of Directors. The operational management of the Group and the business operations participate in the assessment of credit risks and in making final decisions on credit, if needed.

In money market investments, derivatives and loans, only counterparties that have been defined in the Group's financial policy, meet the creditworthiness criteria or have been separately designated by a Board decision are approved.

## Governance

Metsäliitto Cooperative is a Finnish cooperative and the parent company of Metsä Group. It is owned by 91,367 forest-owner members. On 31 December 2024, the combined forest area owned by the members totalled 5,500,000 hectares.

Metsäliitto Cooperative's governing bodies are the Representative Council, the Supervisory Board, the Board of Directors and the CEO, who acts as the President and CEO of Metsä Group. The members of Metsäliitto Cooperative elect the members of the Representative Council in an election held every four years. The members of the Supervisory Board are elected by the Representative Council. The Supervisory Board elects the members of Metsäliitto Cooperative's Board of Directors, and the Board of Directors appoints the CEO of Metsäliitto Cooperative and the President and CEO of Metsä Group.

The Representative Council uses the supreme decision-making power belonging to the members of Metsäliitto Cooperative in matters it is responsible for pursuant to the law and the rules of Metsäliitto Cooperative. The rules of Metsäliitto Cooperative specify the tasks of the Supervisory Board. Its main task is to ensure that Metsäliitto Cooperative is managed in accordance with the rules and the decisions of the Representative Council and the Supervisory Board.

According to the rules of Metsäliitto Cooperative and in accordance with legislation, the Board of Directors is charged with ensuring that Metsäliitto Cooperative and Metsä Group's operations and governance are appropriately arranged. The Board of Directors has authority over strategic and other decisions with far-reaching consequences. In the 2024 financial period, Metsäliitto Cooperative's Board of Directors was composed of eight members. According to the overall assessment by the Board of Directors, all members of the Board were independent of Metsäliitto Cooperative. The Board of Directors convened 16 times in 2024, and Board members' attendance percentage at the meetings was 99%. Metsäliitto Cooperative has a CEO, who also acts as the President and CEO of Metsä Group.

The President and CEO is charged with the management of the operations of Metsä Group in accordance with the law and the rules of the Cooperative, as well as the decisions and instructions of the administrative bodies. The President and CEO is assisted by the Group's Executive Management Team.

Metsäliitto Cooperative's Board of Directors has determined the principles applicable to the diversity of the Board. According to the principles, the successful management of the tasks of the Board of Directors requires a diverse composition, diverse competence and experience. It is Metsäliitto Cooperative's goal that both genders be represented on the Board of Directors. The Supervisory Board's Nomination Committee observes the principles concerning diversity when preparing proposals for the Supervisory Board on the composition of the Board of Directors. The realisation of the principles is reported on yearly in the Corporate Governance Statement. A separate Corporate Governance Statement has been issued and published simultaneously with the financial statements and this Report of the Board of Directors.

### Events after the review period

On 16 January 2025, Metsä Group announced that its plan to close the Tako paperboard mill in Tampere, Finland, and improve the efficiency of the Kyro paperboard mill in Kyröskoski, Finland due to long-term poor profitability. The company initiated change negotiations at both mills and in related operations. Any decisions on personnel reductions and mill closures will be taken after the change negotiations have ended.

On 8 January, Metsä Group announced that it will start an investment and capacity adjustment plan at its tissue paper mill in Kreuzau, Germany. Several efficiency measures, investments to modernise production equipment and the closure of one tissue paper machine are planned at the mill. Change negotiations started at the mill in January.

At its meeting on 6 February 2025, the Board of Directors of Metsäliitto Cooperative appointed Jussi Vanhanen as CEO of the Metsäliitto Cooperative as of 1 July 2025. At the same time, he serves as the President and CEO of Metsä Group.

On 6 February 2025, Metsä Board announced that it will start a pre-engineering in cooperation with Metsä Tissue to investigate potential change of product produced on Husum BM2. The pre-engineering is expected to take 12 months and it would enable new capacity of approximately 80,000 tonnes of foodservice packaging papers and greaseproof papers. Production of the white kraftliner will continue at full capacity at least until the possible investment shutdown of BM2. The start-up of the rebuilt line would be earliest in the last quarter of 2027.

## Near-term outlook

The demand for wood will particularly concern thinning sites suitable for summer harvesting, as well as wood acquired through delivery sales. We will also buy regeneration felling sites as usual. In energy wood, the demand will focus on crown wood and small trees. Demand for forest management services is projected to increase in 2025 compared to the previous year.

Construction is not expected to recover in the first quarter of the year, which is reflected in the continued weak demand for softwood plywood in particular. However, demand for Kerto LVL products will continue to be good, and new customer relationships will support demand for Kerto LVL.

Overall demand for birch plywood is expected to remain stable despite the recent seasonal cooling of the market. Demand for speciality plywood products among industrial customers is expected to remain low.

In the UK, demand for the upgrading business is expected to remain stable in the DIY segment but weaker than normal in the wholesale customer segment and new construction in the coming months.

Global demand for market softwood pulp is expected to remain stable in the first half of the year. Pulp capacity closures announced in 2024 together with constraints affecting the availability of wood raw material in North America will further reduce the supply of softwood market pulp. Demand for sawn timber is expected to remain at the current level in the first quarter and to increase slightly in the second quarter.

The general demand for consumer products and fresh-fibre paperboards will continue to be influenced by the trend in consumers' purchasing power and general purchasing behaviour. The growth of paperboard capacity that is faster than the growth of demand may cause imbalances, especially in the European paperboard market. In January–March 2025, paperboard delivery volumes are expected to increase from the first quarter. Sales prices in local currencies are expected to remain stable.

Demand for tissue and greaseproof papers is expected to remain stable.

## Result guidance for January–March 2025

In January–March 2025, Metsä Group's comparable operating result is expected to be better than in October–December 2024.

## Proposal of the Board of Directors on the use of the surplus on the balance sheet

Metsäliitto Cooperative's Board of Directors has decided to propose to the Representative Council convening on 29 April 2025 that for 2024 interest of 5.5% (6.5 for 2023) be paid on the participation share capital invested by members, and that interest of 5.0% (6.0) be paid on Metsä1 additional shares, 2.0% (3.0) on additional capital A, and 1.0% (1.0) on additional capital B. The Board of Directors also proposes that a surplus reimbursement of EUR 0.30 per cubic metre of industrial roundwood received from a member over the past four concluded financial periods be distributed. The reimbursement of surplus will be primarily paid as Metsä1 additional shares, but in money for the part corresponding to the tax withheld for each member. If the right to the shares has been transferred to another person in accordance with the rules of the cooperative, the interest is paid to the person who is registered as the owner on the record date, 31 March 2025. The proposed payment date is 12 May 2025. If a member entitled to a surplus reimbursement terminates their membership in the cooperative before the date of payment, this share of the surplus reimbursement will not be distributed. In total, the proposed profit distribution would be approximately EUR 93 million (101), of which the surplus reimbursement based on wood trade would be approximately 17%.

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# Sustainability statement

## General disclosures

### Reporting principles

### Sustainability statement reporting principles

#### Basic information

Metsäliitto Cooperative and its subsidiaries comprise a group ("Metsä Group" or "Group") in which operations are organised into five business segments: Wood Supply and Forest Services, Wood Products Industry, Pulp and Sawn Timber Industry, Paperboard Industry, and Tissue and Greaseproof Papers. Reporting covers the entire group, including the parent company Metsäliitto Cooperative and all the companies in which the Group directly or indirectly holds more than 50% of the votes unless otherwise stated in connection with the disclosed information. The scope of consolidation is the same as that in the financial statements.

In the Sustainability statement, reporting mainly focuses on Metsä Group at the Group level. Key figures specific to business areas and production units related to the environment and employees are disclosed on pages 109–114.

The Sustainability statement is published annually as part of the Board of Directors' report. The reporting period coincides with that of financial reporting, that is, the financial period from 1 January 2024 to 31 December 2024.

#### Basis for preparation

The Sustainability statement has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) referred to in Chapter 7 of the Accounting Act and Article 8 of the Taxonomy Regulation. The progress made in Metsä Group's strategic 2030 targets is also reported in this Sustainability statement.

The disclosed sustainability matters and key figures are based on Metsä Group's double materiality assessment updated in 2024. The reporting requirements of the European Sustainability Reporting Standards that are material to the company's operations, products and stakeholders were chosen based on the materiality assessment. Further information about the materiality assessment and its results is provided on pages 30–32.

The reporting principles for metrics related to each topic are described at the end of each section. Of the metrics, the greatest uncertainty concerns calculations involving the use of default coefficients such as greenhouse gas emissions or carbon storage coefficients. Estimates have been used to calculate Scope 3 emissions. The reporting principles for Scope 3 emissions are discussed on pages 58–59. Moreover, a breakdown of the capital expenditure for actions or the expenditure's allocation to the promotion of different areas is not presented for all investments, as some of the expenses are indirect and are incurred as part of other investments. In these cases, the total value of the investment is reported.

The Sustainability statement has obtained assurance (limited assurance) from KPMG Oy Ab, an independent third party. Assurance was conducted in accordance with the ISAE 3000 international assurance standard (Revised).

Comparative metrics were not assured as part of the 2024 assurance. This applies to comparative data for 2018, 2022 and 2023.

The reported ESRS information, Metsä Group's own metrics and their location in the Sustainability statement are indicated in the content index on page 35. The index also presents the ESRS indicators identified as non-material for Metsä Group.

On its website, Metsä Group has separately published content indices in compliance with the TCFD and TNFD recommendations. TCFD and TNFD information is not included in the scope of assurance.

### Risk management and internal controls over sustainability reporting

Sustainability reporting complies with Metsä Group's group-level principles and processes for statutory reporting, risk management and internal control. In sustainability reporting, internal control is based on risk identification, analysis and a focus on the most material risks identified, as well as the best practices of internal control. Metsä Group's internal control unit and internal control processes, as well as its risk management process, comply with the principles of the COSO (ERM) framework.

The sustainability reporting control environment emphasises Metsä Group's values, management's commitment to sustainable operations, a corporate culture emphasising ethics and sustainability, policies promoting sustainable operations, centralised business processes, professional employees, and transparent operations.

Sustainability reporting is centrally handled by the company's finance department in Group services, where Group Accounting is in charge of the Sustainability statement. Sustainability reporting is handled by specialists in sustainability reporting and related standards.

The risks identified in sustainability reporting include the accuracy of information and the timing of reporting. To ensure that the disclosed information is accurate and appropriately timed, Metsä Group has defined and adopted a governance model that specifies the roles and responsibilities in sustainability reporting. Metsä Group has included the capabilities required to produce the disclosed information in the Group's common business processes, which all the business units and Group services follow in their operations.

The owners of business processes ensure that Metsä Group's process environment can transparently produce the required information for disclosure. The responsibility for the accuracy of content, as well as compliance with reporting schedules and the provision of material to Metsä Group Accounting, is assigned to the roles in Metsä Group's business areas and service functions specified in the governance model.

To ensure the accuracy and timeliness of disclosed information, internal controls have been adopted as part of the common business processes. Their systematic monitoring is part of the internal control unit's reporting.

The internal control unit reports on the efficiency of the sustainability reporting controls according to the specified schedule in compliance with the common governance model and internal control process. The results of internal control are monitored, and control is supervised quarterly by Metsä Group's business and service operations and the management team for process development, twice a year by the Group's Executive Management Team, and once a year by the Audit Committee. Internal audit inspects sustainability reporting controls and internal control practices as part of its audit work. The governance model for internal control is described in the *Corporate Governance Statement*.

## Sustainability governance and strategy

### The role of, information provided to and sustainability matters addressed by the administrative, management and supervisory bodies

This Sustainability statement provides details about sustainability governance. Further information about the general duties, composition, diversity and experience of the administrative and supervisory bodies, as well as the processes of internal control, internal audit and risk management is available in the *Corporate Governance Statement*.

#### Good governance

Metsäliitto Cooperative's Board of Directors and the President and CEO are responsible for Metsä Group's governance. At Metsä Group, good governance is ensured with clear management and leadership, internal control, and internal auditing. External auditing is handled by the company's auditor. Internal control, internal audit and auditing are discussed in greater detail in the *Corporate Governance Statement*.

#### Board of Directors and Board Committees

The Board of Directors of Metsäliitto Cooperative is the Group's highest sustainability oversight body. The duties and responsibilities of the Board of Directors and the Group's President and CEO, who also serves as the CEO of Metsäliitto Cooperative, are determined based on the Cooperatives Act and the rules of the Cooperative. In addition, the Board of Directors has approved written Rules of Procedure which define the Board of Directors' duties in greater detail.

In 2024, the Board had eight (8) members, of whom 75% were men (6), and 25% were women (2). According to an overall evaluation by the Board of Directors, all members of the Board are independent of Metsäliitto Cooperative. The cooperative does not have such significant owner-members as referred to in the Corporate Governance Code on whom the members of the Board of Directors would be dependent.

Overall, the Board of Directors has comprehensive experience of good corporate governance and international business and management in various sectors, including forestry and the forest industry, machinery manufacture, the construction industry, trade, telecommunications, the food industry, the chemical industry, and the financial and insurance sector. The Board of Directors also possesses profound competence and experience concerning sustainability management and the assessment of related risks and opportunities.

The Board of Directors approves the Group's policies guiding the Group's operations and internal control. Principles concerning sustainable business are defined in the Metsä Group Code of Conduct, as well as the policies related to procurement, HR, antitrust, quality, risk management, contracts, legal affairs, data protection, information security, taxation, communication, equality, environmental and corporate security approved by the Board of Directors, and in more detailed guidelines issued based on them. The targets and policies are updated if any changes that must be addressed take place in the operating environment.

The Board of Directors also approves Metsä Group's strategic sustainability targets. Metsä Group's President and CEO is responsible for the targets' implementation. The progress made in targets is reported to the Board of Directors regularly and at least once a year. Sustainability is

incorporated into the Group's business strategy approved by the Board of Directors, as well as in long-term business and investment plans, risk assessments, and annual action plans.

The Group's risk management results, including sustainability-related risks, are presented to the Board of Directors twice a year.

In the 2024 financial period, sustainability-related topics discussed at the meetings of the Board of Directors and its committees included:

- Regenerative business
- Wood-based carbon capture
- Actions related to forest protection
- Questions and regulatory projects related to deforestation and restoration
- Biodiversity
- Monitoring of the achievement of the Group's sustainability targets
- Regenerative forestry
- Funding programme for nature projects
- RDI projects promoting sustainability
- Reduction of Scope 3 emissions
- Green financing
- Corporate sustainability due diligence legislation
- Employees' wellbeing and development
- Development measures for ethical work and operating environments, and the results of employee surveys monitoring ethical aspects
- Remuneration-related sustainability metrics
- Development work in the field of diversity, equality and inclusion (DEI)
- Occupational safety
- Development work concerning the Know Your Business Partner and Know Your Customer processes
- Cybersecurity and information security
- Summary of investigations into incidents of non-compliance
- Assessment of human rights impacts
- Sustainability reporting and related regulatory development
- Internal control review, including the effectiveness of internal controls

### The expertise and skills of Board members regarding sustainability

At their meetings, the Board of Directors and Board Committees regularly discuss reviews related to different areas of sustainability, presented by the Group's executive management and specialists. The reviews offer Board members information about the material impacts, risks and opportunities related to the company's sustainability, and of the progress made in the company's sustainability targets. The reviews also ensure the Board's understanding and competence are up to date in sustainability matters. The Group's sustainability targets are taken into account in the Board of Directors' decision-making concerning matters such as investments. The Board of Directors has also organised seminar events, featuring external experts discussing sustainability-related matters.

### The Group's President and CEO and Executive Management Team

The President and CEO is responsible for the implementation of the Board-approved sustainability targets in the Group. The President and CEO also reports to the Board on material sustainability-related impacts, risks and opportunities. The Group's Executive Management Team discusses sustainability targets before the President and CEO presents them to the

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Board of Directors and for its part, supervises the implementation of the approved sustainability measures and sustainability-related impacts, risks and opportunities regularly at its meetings.

In 2024, the Executive Management Team had eight (8) members, of whom 87.5% were men (7), and 12.5% were women (1). At Metsä Group, the personnel's representatives are members of the management teams of production units and Group services.

The Group's Executive Management Team as a whole has broad experience of international business, management and good governance in various sectors, including the forest industry and forestry, the energy industry, the metal industry, and the ICT sector. The Executive Management Team also possesses broad competence and experience concerning sustainability management and the assessment of related risks and opportunities.

Based on the Group's sustainability targets, the management teams of business areas prepare their sustainability targets to be presented for approval to the Boards of Directors of the Group's subsidiaries. The heads of business areas are responsible for the implementation of business area-specific sustainability targets, and the targets' achievement is monitored by the Group companies' Boards of Directors and the business areas' management teams. In addition, the company's CFO heads Metsä Group's Risk Committee, which handles sustainability risks as part of the company's general risk assessment.

At the Executive Management Team's meetings in the 2024 financial period, the reviews presented by Group management and sustainability experts focused on sustainability-related topics such as:

- Regenerative business
- Reduction of Scope 3 emissions
- Stakeholder cooperation
- Corporate sustainability due diligence legislation
- Employees' wellbeing and development
- Development measures for an ethical workplace and business environment
- Development work in the field of diversity, equality and inclusion (DEI)
- Occupational safety
- Development work concerning the Know Your Business Partner and Know Your Customer processes
- Cybersecurity and information security
- Regulatory development concerning sustainability
- Assessment of human rights impacts
- Supervision of antitrust compliance
- Sustainability reporting and related regulatory development
- Internal control review, including the effectiveness of internal controls

**Sustainability process management team and sustainability working group**

The realisation of the strategic 2030 sustainability targets is reviewed quarterly in Metsä Group's sustainability process management team, composed of the directors in charge of sustainability matters in the business areas and in Group Services. The sustainability process management team ensures that the work towards sustainability targets progresses as planned, taking corrective action if required. The work of the sustainability process management team is supported by the Group-level working group of sustainability specialists, which is tasked with promoting

practical sustainability projects. The working group convenes four times a year.

**Integration of sustainability-related performance in incentive schemes**

Remuneration in Metsä Group is based on the following principles:

- Ensuring sustainable and responsible business operations
- Ensuring performance and profitable growth
- Supporting competence development and renewal
- Consistency, competitiveness and transparency.

Metsä Group's remuneration principles and the overall remuneration of the administrative, management and supervisory bodies are described in the *Remuneration Report*.

Metsäliitto Cooperative's Board of Directors decides on the remuneration and other financial benefits of the Group's President and CEO and the members of the Group's Executive Management Team employed by Metsäliitto Cooperative, as well as on the principles of the short and long-term incentive systems based on the HR Committee's preparation. The remuneration of Metsäliitto Cooperative's Board of Directors is not tied to Metsä Group's performance.

In 2024, sustainability was included in the annual personal targets of every Metsä Group employee. The target-setting model will continue to encourage the continuous assessment and improvement of sustainability matters. Accounting for Metsä Group's EBIT multiplier, the maximum level of remuneration available in the short-term incentive system in 2024 is 75% of the fixed annual salary. The reward is based on Metsä Group's operating result (50% weighting) and the strategic targets, including sustainability targets, defined by the Board of Directors (50% weighting), as well as the realisation of Metsä Group's EBIT multiplier. In 2024, the President and CEO's sustainability targets focused on the climate, the survey of CO2 emissions capture and the Metsä Group Plus service, which is a forest management model for Metsäliitto Cooperative's owner-members. The President and CEO's other business targets included strategic programmes improving the mills' environmental and climate performance by improving resource efficiency and promoting the transition to fossil-free fuels. Sustainability targets had a weight of 7% of the President and CEO's incentive targets, and their realisation was on average 117% (on a scale of 0–200%).

Accounting for Metsä Group's EBIT multiplier, the maximum level of remuneration available in the short-term incentive system in 2024 for other Executive Management Team members was 75% of the fixed annual salary. The remuneration is based on the relevant company's operating result (weighting 50%) and the strategic targets, including sustainability targets, defined by the Board of Directors (weighting 50%), as well as the realisation of Metsä Group's EBIT multiplier. In 2024, the sustainability targets of other Executive Management Team members were related to the 2030 sustainability targets such as occupational safety and the Metsä Group Plus service, sustainability reporting and strategic programmes and surveys related to the capture of CO2 emissions, regenerative business and renewable carbon, for example. The other business targets of the Executive Management Team included strategic programmes improving the mills' environmental and climate performance by improving resource efficiency and promoting the transition to fossil-free fuels. The weighting of sustainability targets was on average 9% of the performance-based

targets of the other Executive Management Team members, and their realisation was on average 129% (on a scale of 0–200%).

**Strategy, business model and value chain**

**Strategy**

Metsä Group's key target is to create value for the forest assets of Metsäliitto Cooperative's owner-members and develop business in line with economic, social and ecological sustainability. Metsä Group advances the bioeconomy and circular economy by sustainably and efficiently converting northern wood into first-class products. Regenerative forestry, climate change mitigation and adaptation, efficient resource use, and the development and wellbeing of employees are key elements of the Group's strategy of profitable growth and its operational activities.

In Metsä Group's business environment, sustainability matters are especially related to the changing regulatory environment and the role of forests and wood-based products in climate change mitigation. These challenges are part of the actions related to Metsä Group's strategic 2030 sustainability targets, and they also offer Metsä Group new opportunities in a changing operating environment.

The targets have been defined based on the seven themes guiding Metsä Group's sustainability work. Transitioning to fully fossil-free energy in production, abandoning fossil-based raw materials, using energy and water more efficiently, and adopting measures in line with regenerative forestry principles to safeguard forests' strong growth and carbon storage are at the core of the targets. Regenerative forestry also plays a key role in managing the physical risks caused by climate change, as improving the state of forest nature also improves forests' resilience to climate change. Metsä Group's products offer important properties for climate change mitigation, including the recyclability of packaging boards, the potential to replace fossil-based raw materials, and the long-term carbon storage provided by wood products. Sustainability targets have been defined for fossil-free raw materials and packaging materials, as well as for the carbon storage of wood products.

The achievement of ambitious targets requires investment, operational development, development of the product range and the use of the best available technology. Metsä Group is actively exploring opportunities to expand business in accordance with the principles of sustainability. Metsä Group's investments such as the Kemi bioproduct mill, completed in 2023, promote the bioeconomy and circular economy. Investments are discussed under *Business Development*. Research, development and innovation activities are discussed under *Research and development*.

Sustainability-related risks and opportunities are discussed theme-specifically in each section of this Sustainability statement and under *Risk management and risks*.

The sustainability-related materiality assessment was used to specify the themes and targets guiding sustainability work. The seven themes guiding sustainability work, the 2030 sustainability targets, as well as the summary and process of the materiality assessment, are described under *Material sustainability-related impacts, risks and opportunities*.

**Business model and value chain**

Metsä Group consists of Metsäliitto Cooperative, its businesses Metsä Wood Supply and Forest Services and Metsä Wood, and the Cooperative's subsidiaries Metsä Fibre, Metsä Board and Metsä Tissue. Metsä Spring

is Metsä Group's innovation company. Metsä Group's parent company Metsäliitto Cooperative is owned by more than 90,000 forest owners. At the end of 2024, Metsäliitto Cooperative held around 52% of the listed company Metsä Board's shares and around 69% of the votes. Metsäliitto Cooperative's holding in Metsä Fibre's shares is approximately 63%. Metsä Tissue and Metsä Spring are fully-owned subsidiaries of Metsäliitto Cooperative.

Through the Cooperative's owner-members, Metsä Group has access to a considerable reserve of premium wood raw material, providing a stable foundation for operations and the long-term development of production units. The goal of the forest management services provided to owner-members is to ensure that their forest assets are transferred in a more vibrant, diverse and climate resilient condition from one generation and owner to the next. In the reporting year, the proposed profit distribution to Metsäliitto Cooperative's owner-members totals EUR 93.4 million (to be confirmed at the meeting of Metsäliitto Cooperative's Representative Council in April 2025). EUR 801 million was paid to Finnish forest owners in income from wood sales.

Metsä Group's wood raw material supply chain employs a considerable number of contract entrepreneurs. In the reporting year, Metsä Group's purchases from Finnish harvesting, transport and forest management entrepreneurs amounted to EUR 445 million.

Metsä Group's industrial business focuses on wood products, pulp, fresh fibre paperboards, and tissue and greaseproof papers. Its production units are in Finland, Sweden, Estonia, Poland, Slovakia, the United Kingdom and Germany. The Group's home market area is Europe, and it pursues growth especially in North America, Asia and Oceania. Around 70.5% of turnover is derived from the EMEA region, while 17.0% is derived from the APAC region, and 12.5% from the Americas.

Metsä Group's products create value for customers, consumers and end-users in the following ways:

- Vitality and higher value for forests with forest management services
- Wood products offering long-term carbon storage
- Pulp and other bioproducts as raw material for consumer products
- Lightweight and strong packaging boards and greaseproof papers as alternatives to plastic
- Better hygiene from tissue papers

Business areas' significant business events in the reporting year are discussed in the Board of Director's report under *Business areas*.

Significant product segments and their financial development in the reporting year are discussed in the Notes to consolidated financial statements, under *Segment information*.

Metsä Group employs around 5,900 people in Finland, and overall around 10,000 people in 27 countries. The number of employees per country is described under *S1 – Own workforce*. Metsä Group indirectly creates around 15,000 jobs in Finland. In 2024, Metsä Group paid around EUR 712 million in salaries, wages and fringe benefits.

In 2024, Metsä Group generated 17.1 TWh of renewable energy.

**Interests and views of stakeholders**

Metsä Group interacts with its key stakeholders and develops its operations based on stakeholder feedback. Stakeholder interaction is carried out at different organisational levels. For example, mills often

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interact with local communities, while the Corporate Affairs unit in Group Services interacts with policymakers.

In 2024, Metsä Group introduced a new operating model for stakeholder engagement, in which all the sustainability-related stakeholder feedback is centrally collected for the entire Group twice a year. The feedback is analysed and compiled into a report concerning the weaknesses, strengths, risks and opportunities of Metsä Group's operations in terms of sustainability. This process will enable an increasingly systematic identification and active engagement of key stakeholders and the collection and processing of stakeholder feedback. The process will also ensure that the feedback is taken into account in operational

development and decision making. The process is coordinated by Metsä Group's Corporate Affairs unit. Stakeholder feedback is used in risk management and as a basis for new cooperation projects, examples of which are included in section *S3 – Affected communities*. In the process, stakeholders' main messages and key feedback are regularly reported to Group management, which ensures that the results are taken into account in the company's operations. Stakeholder feedback is also used in the annual double materiality assessment and the 2030 target setting based on the materiality assessment. The materiality assessment is discussed in greater detail under *Material sustainability-related impacts, risks and opportunities*.

**Interests and views of stakeholders**

This table includes a summary of Metsä Group's key stakeholders, and of how themes important to them are considered in the company's strategy and business model.

Stakeholder	Stakeholder engagement	Themes important to stakeholders	Impact on operations, business model and strategy
<b>Owner-members</b>	<ul style="list-style-type: none"> <li>• Representative Council</li> <li>• Supervisory Board</li> <li>• District Committees</li> <li>• Developer community</li> <li>• Member coordinators and other specialists</li> <li>• Metsäverkko platform</li> <li>• Members' magazine</li> </ul>	<ul style="list-style-type: none"> <li>• Profitability and sustainability of wood production</li> <li>• Multi-generational forest management</li> <li>• Societal value creation</li> <li>• Profitable and competitive profit distribution models and member benefits</li> <li>• Forerunner in sustainability</li> <li>• Strengthening of forest biodiversity and climate resilience</li> </ul>	<ul style="list-style-type: none"> <li>• New investments</li> <li>• Product portfolio development and new products</li> <li>• Centralised wood supply from owner-members' forests</li> <li>• Comprehensive and customer-oriented wood trade and forest management services</li> <li>• Regenerative forestry strategy and related services such as Metsä Group Plus</li> <li>• Efficient use of information and new technology solutions such as AI</li> </ul>
<b>Own workforce</b>	<ul style="list-style-type: none"> <li>• Employee survey and Pulse survey</li> <li>• Ethics index compiled from the employee survey's ethics statements</li> <li>• Cooperation with employee representatives</li> <li>• Safety and health at work and related observations</li> <li>• Compliance and Ethics Channel</li> </ul>	<ul style="list-style-type: none"> <li>• Health and safety</li> <li>• Diversity, equality and inclusion (DEI)</li> <li>• Competence development and good leadership</li> <li>• Working conditions and other work-related rights</li> <li>• Organisation's resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Externally certified safety management systems</li> <li>• Metsä for all vision</li> <li>• Anonymous recruitment</li> <li>• Metsä Group's academies and other training</li> <li>• Development of leadership and key capabilities</li> <li>• Measures determined based on the employee survey</li> </ul>
<b>Customers, consumers and end-users</b>	<ul style="list-style-type: none"> <li>• Customer experience surveys</li> <li>• Customer feedback forms</li> <li>• Contact forms on web pages</li> <li>• Continuous maintenance of cooperation relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable products</li> <li>• Product safety and quality</li> <li>• Product information</li> <li>• Safeguarding biodiversity</li> <li>• Climate change mitigation and climate change adaptation</li> </ul>	<ul style="list-style-type: none"> <li>• Certified safety management systems</li> <li>• Proactive model for combating the grey economy in construction projects</li> <li>• Strategy of regenerative forestry</li> <li>• Joint sustainability targets with partner suppliers</li> <li>• Measures defined based on the cooperation survey for suppliers</li> <li>• Assessment of suppliers' sustainability as part of the supplier selection process and during cooperation</li> </ul>
<b>Suppliers and supply chain employees</b>	<ul style="list-style-type: none"> <li>• Supplier days</li> <li>• Cooperation forums for occupational safety</li> <li>• Cooperation survey for suppliers</li> <li>• Sustainability working group activities with partner suppliers</li> <li>• Continuous maintenance of cooperation relationship</li> <li>• Compliance and Ethics Channel</li> </ul>	<ul style="list-style-type: none"> <li>• Safety and health</li> <li>• Working conditions and other work-related rights</li> <li>• Climate change mitigation and climate change adaptation</li> <li>• Safeguarding biodiversity</li> <li>• Circular economy</li> <li>• Sustainable supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Certified safety management systems</li> <li>• Proactive model for combating the grey economy in construction projects</li> <li>• Strategy of regenerative forestry</li> <li>• Joint sustainability targets with partner suppliers</li> <li>• Measures defined based on the cooperation survey for suppliers</li> <li>• Assessment of suppliers' sustainability as part of the supplier selection process and during cooperation</li> </ul>
<b>NGOs</b>	<ul style="list-style-type: none"> <li>• Bilateral meetings</li> <li>• Project cooperation</li> <li>• Cooperation days</li> <li>• Compliance and Ethics Channel</li> </ul>	<ul style="list-style-type: none"> <li>• Safeguarding biodiversity</li> <li>• Climate change mitigation and climate change adaptation</li> <li>• Forest protection and old-growth forests</li> <li>• Forestry methods</li> <li>• Forestry's impact on waterbodies</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy of regenerative forestry</li> <li>• Regenerative land-use policies and biodiversity plans at mills</li> <li>• Funding programme for nature projects</li> <li>• Forest protection (incl. METSO programme)</li> <li>• The wood processing industry's biodiversity roadmap and further measures</li> <li>• Forestry operating models especially in peatlands</li> </ul>
<b>Indigenous peoples (the Sámi)</b>	<ul style="list-style-type: none"> <li>• Bilateral meetings</li> <li>• Cooperation days</li> <li>• Compliance and Ethics Channel</li> </ul>	<ul style="list-style-type: none"> <li>• Rights of indigenous peoples</li> <li>• Safeguarding traditional livelihoods</li> <li>• Climate resilience of northern nature</li> <li>• Free, prior and informed consent</li> <li>• Intergenerational and experimental knowledge of indigenous peoples alongside scientific knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Inclusive cooperation and decision making</li> <li>• Engagement of suppliers knowledgeable about the rights of the Sámi</li> <li>• When planning and implementing wood supply and forestry work, measures are taken to locally ensure that the reindeer herding of the Sámi is not jeopardised. The conditions for the reindeer herding of the Sámi are safeguarded with agreements and regular audits of our wood suppliers</li> </ul>
<b>Policymakers</b>	<ul style="list-style-type: none"> <li>• Public hearings</li> <li>• Bilateral meetings</li> <li>• Events, seminars and panels</li> <li>• Forest and mill visits</li> <li>• Compliance and Ethics Channel</li> </ul>	<ul style="list-style-type: none"> <li>• Circular bioeconomy</li> <li>• Climate change mitigation and climate change adaptation</li> <li>• Safeguarding biodiversity</li> <li>• Logistics and public infrastructure</li> <li>• New products and innovation</li> <li>• Renewal and jobs</li> <li>• Solutions-oriented cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• New investments</li> <li>• Resource-efficient and fossil-free production, waste-free production</li> <li>• Products replacing fossil-based materials and recyclable products</li> <li>• Strategy of regenerative forestry</li> <li>• Regenerative land-use policies and biodiversity plans at mills</li> <li>• Funding programme for nature projects</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>• Open house and other events at production units</li> <li>• Consultation with local communities in investment projects</li> <li>• Compliance and Ethics Channel</li> <li>• Cooperation days</li> </ul>	<ul style="list-style-type: none"> <li>• Local impacts of mills such as noise, dust and odour nuisance</li> <li>• Climate change mitigation and climate change adaptation</li> <li>• Safeguarding biodiversity</li> <li>• Promotion of employment, livelihood and entrepreneurship; tax revenue</li> </ul>	<ul style="list-style-type: none"> <li>• Inclusive cooperation and decision making</li> <li>• Resource-efficient and fossil-free production, waste-free production</li> <li>• Best available techniques</li> <li>• Regenerative land-use policies and biodiversity plans at mills</li> </ul>
<b>Lobbying and industrial associations</b>	<ul style="list-style-type: none"> <li>• Bilateral meetings</li> <li>• Events, seminars and panels</li> <li>• Cooperation days</li> <li>• Forest and mill visits</li> </ul>	<ul style="list-style-type: none"> <li>• Safeguarding biodiversity</li> <li>• Climate change mitigation and climate change adaptation</li> <li>• Advocacy cooperation</li> <li>• Wellbeing of the industry, value chain and operators</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy of regenerative forestry</li> <li>• Regenerative land-use policies and biodiversity plans at mills</li> <li>• Funding programme for nature projects</li> <li>• The wood processing industry's biodiversity roadmap and further measures</li> <li>• Resource-efficient and fossil-free production</li> </ul>
<b>Researchers, educational institutions and students</b>	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Cooperation projects</li> <li>• Cooperation events</li> <li>• Forest and mill visits</li> <li>• Recruitment events</li> <li>• Thesis assignments and traineeships</li> </ul>	<ul style="list-style-type: none"> <li>• Research and development cooperation</li> <li>• Education, training and competence</li> <li>• Investments and jobs</li> <li>• Learning, training and education</li> <li>• Working life</li> <li>• DEI</li> </ul>	<ul style="list-style-type: none"> <li>• Joint research and development projects</li> <li>• Strategy of regenerative forestry</li> <li>• Regenerative land-use policies and biodiversity plans at mills</li> <li>• Funding programme for nature projects</li> <li>• Education and training cooperation, and partnerships</li> <li>• Jobs and traineeships</li> </ul>



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**Material sustainability-related impacts, risks and opportunities**

**The identification and assessment of material impacts, risks and opportunities**

**Process**

Metsä Group follows the company's risk management process to identify sustainability-related impacts, risks and opportunities and to assess their materiality. The risk management process complies with the COSO Enterprise Risk Management methodology. The key goal is to identify and assess the risks, threats and opportunities potentially significant to the implementation of the company's values and strategy and to the achievement of long-term targets, as well as to identify and assess the company's impacts on society and the environment. In addition to the company's own operations, the identification and assessment of impacts,

risks and opportunities encompasses the upstream and downstream value chain and any other parties that the company's operations affect. Metsä Group's risk management process and its responsibilities are described in greater detail in the Corporate Governance Statement.

The double materiality assessment is conducted annually, and it is linked to the annual risk management cycle to make risk identification, assessment and prioritisation, and the definition of management measures part of the annual planning process. The double materiality assessment is discussed and approved by the Group's Executive Management Team as part of the risk management review in the last quarter. The internal control unit also monitors and reports on sustainability risks and control environments to business operations, the Executive Management Team and Audit Committee in accordance with the Group's general internal control governance model and the annual cycle. The control of sustainability risks is planned, described and implemented on a risk basis in business processes.

**Material sustainability topics**

Theme	Topic	Sub-topic	Materiality	2030 target set	
<b>E – ENVIRONMENT</b>					
1. Safeguarding biodiversity and the ecological sustainability of forest use	E1 Climate change	Climate change mitigation	12	✓	
		Climate change adaptation	8	✓	
		Energy	9	✓	
	2. Mitigating climate change and reducing emissions	E2 Pollution	Pollution of air, water and soil	5	
			Microplastics	5	
	3. Resource efficiency and sustainable production	E3 Water and marine resources	Water	6	✓
			E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	11
		Impacts on the state of species and the extent and condition of ecosystems		11	✓
		Impacts and dependencies on ecosystem services		12	✓
		E5 Resource use and circular economy	Resources inflows, including resource use	8	✓
Resource outflows related to products and services	10				
		Waste and side streams	8	✓	
<b>S – SOCIAL RESPONSIBILITY</b>					
4. Respecting everyone	S1 Own workforce	Equal treatment and opportunities for all	9	✓	
		Health and safety	11	✓	
		Other working conditions	6	✓	
		Other work-related rights	6		
5. Promoting safety and wellbeing at work	S2 Workers in the value chain	Equal treatment and opportunities for all	9	✓	
		Health and safety	11	✓	
		Other working conditions	9	✓	
		Other work-related rights	7	✓	
	S3 Affected communities	Communities' economic, social and cultural rights	7		
		Rights of indigenous peoples	9		
S4 Consumers and end-users	Personal safety of consumers and end-users	8			
	Information-related impacts on consumers and end-users	6			
<b>G – GOVERNANCE</b>					
6. Doing the right thing, innovation and open-minded cooperation	G1 Business conduct	Corporate culture	8	✓	
		Corruption and bribery	6		
7. The significance of forest-based bioeconomy to society		Management of relationships with suppliers, including payment practices	8	✓	
		Protection of whistle-blowers	5		
		Political influence and lobbying activities	7		

**Methodology**

The assessment identifies any potential impacts, risks and opportunities for each sub-topic and sub-sub-topic of the ESRS. If no material impacts, risks or opportunities are identified, the sub-topic or sub-sub-topic is assessed to be non-material. Impacts, risks and opportunities are assessed across the value chain.

Likelihood and financial risks and opportunities are assessed using a scale defined in Metsä Group's risk management process, which is the same for all business risks. Impact assessment was added to the scale to account for double materiality. The final assessment of impacts is based on their scale, scope, duration and remediability. The assessment table is presented in this section. Remediability is assessed on the following scale: short-term (less than one year), medium-term (1–5 years), long-term (5–10

years), very long-term (10–30 years) and irremediable. The very long-term option was included to illustrate the nature of the forest sector more accurately. The final size of the impact, risk or opportunity is determined by multiplying its likelihood by its financial or external impact.

**Development of the double materiality assessment**

Metsä Group conducted its first double materiality assessment in 2022 by collecting the views of external and internal stakeholders of the company's real and potential impacts, risks and opportunities through interviews and surveys. The stakeholders interviewed included the company's own employees, as well as its customers, investors, goods and service suppliers, and NGOs. Based on the material collected, the impacts, risks and opportunities were prioritised in management workshops.

**Assessment scale for impacts, risks and opportunities**

Likelihood	Very likely	In the next year	5	5	10	15	20	25
	Likely	In the next three years	4	4	8	12	16	20
	Possible	In the next six years	3	3	6	9	12	15
	Unlikely	In the next ten years	2	2	4	6	8	10
Very unlikely	Unlikely in the next ten years	1	1	2	3	4	5	
			1	2	3	4	5	
<b>Financial impact</b>			Very limited	Limited	Moderate	Significant	Very significant	
<b>Reputation</b>			Local mention, quickly forgotten	Local harm to reputation, impact on local operations	Short-term national concern, long-term impact on reputation	Long-term national concern, significant change in market share, significant operations restricted	Long-term national concern, decisive change in market share	
<b>Impact on the wellbeing of society, nature and other stakeholders</b>			Very limited impact on individuals and/or the local environment	Limited impact on a group of people and/or the regional environment	Moderate short-term impact on society and/or the environment	Significant short-term impact on society and/or the environment	Severe long-term impact on society and/or the environment	

**Impact**

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Based on the 2022 assessment, seven themes guiding sustainability work were determined. They are described in the summary of the materiality assessment in the Material sustainability topics table. The strategic 2030 sustainability targets were updated based on these themes.

The framework of the European Sustainability Reporting Standards was not yet used to classify sustainability themes in the first assessment.

The classification of impacts, risks and opportunities into topics, sub-topics and sub-sub-topics in accordance with the EU's sustainability reporting standards was included in the 2023 assessment. As part of the work carried out in 2023, an assessment scale was drawn up.

The 2024 assessment was further developed from 2023 by introducing a more detailed classification, a more specific definition of financial impacts, a review of climate scenarios and an assessment of human rights impacts conducted by an external party.

### Stakeholder engagement

Since 2024, stakeholder feedback has been collected and analysed across the Group twice a year. The results of the analysis are used in the materiality assessment especially to survey whether all the material impacts, risks and opportunities have been identified internally, and to strengthen the internal recognition of impacts, risks and opportunities. The themes important to stakeholders are in line with the identified impacts, risks and opportunities. Stakeholder engagement and how themes important to stakeholders are addressed in the company's strategy and business model are described under *Interests and views of stakeholders*.

### The identification and assessment of material impacts, risks and opportunities related to the environment

The material impacts, risks and opportunities related to the environment have been identified and assessed using key information and methods for each topic. These include material such as the climate risk analysis conducted in 2024, risk assessments of production units and environmental impact assessments. The identification and assessment process is described for each topic under the relevant section: *E1 – Climate change, E2 – Pollution, E3 – Water and marine resources, E4 – Biodiversity and ecosystems* and *E5 – Resource use and the circular economy*.

### Assessment of human rights impacts

In the reporting year, an external partner conducted a human rights impacts assessment at Metsä Group. The assessment was based on internal specialist interviews, interviews with external stakeholders, Metsä Group's documentation and literature from public sources.

External stakeholder interviews were conducted with raw material and good suppliers, the trade union, and the Sámi Parliament. Human rights

impacts were assessed based on their likelihood, scope, remediability and scale. The assessment was conducted in compliance with the UN Guiding Principles on Business and Human Rights. The impacts were assessed using the same scale employed in the company's general risk assessment, and the identified impacts were included in the sustainability materiality assessment. The assessment identified and evaluated the direct and indirect impacts across the value chain and in the affected communities, as well as the groups potentially at a higher risk of being affected by the identified impacts. The identified impacts were validated in internal workshops, and the results were presented to the Group's Executive Management Team. After the assessment of human rights impacts, a human rights due diligence process was drawn up for Metsä Group and further development measures related to human rights impacts were defined for the coming years.

### 2024 results

The results of the materiality assessment are presented on page 30. Sub-topics classified as moderate (a value of 5–9) or high (a value of 10–25) were determined as material sub-topics. The table does not include sub-topics of low materiality.

Based on the results of the materiality assessment, Metsä Group's key sustainability matters include climate change, biodiversity, the environmental impacts of products, and the occupational safety of the company's own workforce and value chain workers. No specific functions or areas requiring a more comprehensive risk assessment were identified in the materiality assessment. In the value chain, the main themes are related to the company's own production, wood supply and products.

The main themes did not change from 2023. Compared with 2023, the following were the most significant changes in the assessment:

- Climate change adaptation was assessed to be less material based on the 2024 climate risk analysis of physical risks, which indicated that the location of the Group's production units is a strength in a changing climate.
- Based on a more detailed assessment of financial impacts and the 2024 update to the financial risk assessment scale, especially pollution-related business risks were considered to be less material.
- Following the assessment of human rights impacts, the equal treatment and opportunities for all workers in the value chain were highlighted as a new material theme.
- In the assessment, a sharper division was made between corporate culture and corruption and bribery. The root causes and impacts related to these themes are often similar, which makes it challenging to separate the themes.

## Metrics and targets

TARGET	2030 TARGET	2024 ACTUAL	2024 PROGRESS	UN SDG
<b>E – ENVIRONMENT</b>				
<b>1. Securing biodiversity and ecologically sustainable forestry</b>				
Retention trees on regeneration felling sites, %	100	97	●	13, 15
High biodiversity stumps on harvesting sites, %	100	98	●	13, 15
Spruce as the only tree species after young stand management, %	0	26	●	13, 15
Measures promoting biodiversity, number	10,000	6,586	●	13, 15
<b>2. Mitigating climate change and reducing emissions</b>				
Energy efficiency index, base year 2018	90	104	●	7, 12, 13
Fossil-based carbon dioxide emissions (Scope 1 + Scope 2 market-based), t	0	781,961	●	12, 13
Fossil-free raw materials and packaging materials, share of dry tonnes, %	100	99.2	●	9, 12
Amount of forest regeneration and young stand management from the 2018 level, %	+30	18	●	13, 15
Amount of forest fertilisation from the 2018 level, %	+50	-22	●	13, 15
Share of continuous cover forestry in peatland forest regeneration, %	30	15	●	13, 15
Amount of carbon stored in wood products from the 2018 level, %	+30	-25	●	12, 13
<b>3. Resource efficiency and sustainable production</b>				
Reduction in process water use per produced tonne from the 2018 level, %	-35	-11	●	6, 12
Process waste delivered to landfills, t	0	14,696	●	12
<b>S – SOCIAL RESPONSIBILITY</b>				
<b>4. Respecting everyone and doing the right thing</b>				
Anonymous recruitment for vacancies open to all, %	100	99.1	●	5, 8
Women in management positions, %	>30	20	●	5, 8
<b>5. Promoting safety and wellbeing at work</b>				
Total recordable incident frequency, own employees (TRIF)	0	5.2	●	8
Employee job satisfaction	AAA	A+	●	5, 8
<b>G – GOVERNANCE</b>				
<b>6. Innovation and open-minded cooperation and 7. The significance of forest-based bioeconomy to society</b>				
Ethics index	100	79	●	5, 8
Traceability of raw materials, share of total purchases, %	100	93	●	9, 12
Share of certified wood, %	>90	93	●	15
Suppliers' commitment to the Supplier Code of Conduct, share of total purchases, %	100	99.1	●	8, 12
Supplier assessments and audits of core suppliers, %	100	70	●	8, 12
Joint sustainability targets with partner suppliers, %	100	100	●	12, 13

Targets will be reached by the end of 2030. For example, fossil fuels will be abandoned by 31 December 2030. Metsä Group's target of "0 accidents at work" also applies to service suppliers. In future, service suppliers will be included in the performance figure. The 2024 ethics index is not directly comparable with those of previous years, as the content of statements affecting the index has been revised. The targets for different topics are described in greater detail in the topic-specific sections of this Sustainability statement.

Progress in 2024 compared with the previous year.

Exceeds target (significant progress) ●

On target (progress as planned) ●

Short of target (no progress or weaker progress) ●

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**Due diligence process**

This table presents the core elements of the due diligence process and the paragraphs in the Sustainability statement providing further details about each topic.

CORE ELEMENT OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
<b>a) Embedding due diligence in governance, strategy and business model</b>	<i>The role of the administrative, management and supervisory bodies in identifying and managing sustainability impacts, risks and opportunities</i> <i>Interests and views of stakeholders</i>
<b>b) Engaging with affected stakeholders in all key steps of due diligence</b>	<i>Interests and views of stakeholders</i> <i>The identification and assessment of material impacts, risks and opportunities</i> <i>S1 Engaging with the workforce and workforce representatives about impacts</i> <i>S2 Engaging with workers in the value chain about impacts</i> <i>S3 Engaging with affected communities about impacts</i> <i>S4 Engaging with consumers and end-users about impacts</i>
<b>c) Identifying and assessing adverse impacts</b>	<i>The identification and assessment of material impacts, risks and opportunities</i> <i>E1, E2, E3, E4, E5, S1, S2, S3, S4, G1 The identification and assessment of material impacts, risks and opportunities</i> <i>G1 Mechanisms for identifying, reporting and investigating concerns</i> <i>G1 Prevention and detection of corruption and bribery</i>
<b>d) Taking actions to address those adverse impacts</b>	<i>E1, E2, E3, E4, E5, S1, S2, S3, S4 Actions</i> <i>Actions control adverse impacts and risks, and promote opportunities</i> <i>G1 Relationships with goods and service suppliers</i> <i>G1 Prevention and detection of corruption and bribery</i>
<b>e) Tracking the effectiveness of these efforts and communicating</b>	<i>Metrics and targets</i> <i>The effectiveness of actions is measured and communicated using Metsä Group's strategic 2030 sustainability targets</i> <i>E1, E2, E3, E5 The identification and assessment of material impacts, risks and opportunities</i> <i>The environmental permit and the related monitoring programme set the minimum requirements for the observation of environmental impacts</i> <i>E4 Impact metrics related to changes in biodiversity and ecosystems</i> <i>S1, S2, S4 Actions</i> <i>S3 Engaging with affected communities about impacts</i> <i>G1 Relationships with goods and service suppliers</i>

**ESRS content index**

The ESRS content index lists the disclosure requirements that Metsä Group has followed in preparing its sustainability statement and where they can be found.

ESRS INDICATOR	LOCATION & COMMENT
<b>ESRS 2 – General Disclosures</b>	
BP-1 – General basis for preparation of sustainability statements	<i>Reporting Principles</i>
BP-2 – Disclosures in relation to specific circumstances	<i>Reporting Principles;</i> <i>E1 Reporting principles for metrics</i>
GOV-1 – The role of the administrative, management and supervisory bodies	<i>The role of the administrative, management and supervisory bodies in identifying and managing sustainability impacts, risks and opportunities;</i> <i>G1 The role of the administrative, management and supervisory bodies</i>
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	<i>The role of the administrative, management and supervisory bodies in identifying and managing sustainability impacts, risks and opportunities</i>
GOV-3 – Integration of sustainability-related performance in incentive schemes	<i>Integration of sustainability-related performance in incentive schemes</i>
GOV-4 – Statement on due diligence	<i>Due diligence process -table</i>
GOV-5 – Risk management and internal controls over sustainability reporting	<i>Risk management and internal controls over sustainability reporting</i>
SBM-1 – Strategy, business model and value chain	<i>Strategy, business model and value chain</i>
SBM-2 – Interests and views of stakeholders	<i>Interests and views of stakeholders</i>
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	<i>S1, S2, S3, S4 Material impacts, risks and opportunities -tables</i> <i>S1, S2, S3, S4 The identification and assessment of material impacts, risks and opportunities</i>
IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	<i>Risk management and internal controls over sustainability reporting;</i> <i>Material sustainability-related impacts, risks and opportunities;</i> <i>E1, E2, E3, E4, E5 The identification and assessment of material impacts, risks and opportunities</i>
IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement	<i>Material sustainability-related impacts, risks and opportunities;</i> <i>ESRS content index;</i> <i>Datapoints that derive from EU legislation</i>
Policies MDR-P – Policies adopted to manage material sustainability matters	<i>E1, E2, E3, E4, E5, S1, S2, S3, S4, G1 Policies</i>
Actions MDR-A – Actions and resources in relation to material sustainability matters	<i>E1, E2, E3, E4, E5, S1, S2, S3, S4 Actions</i>
Metrics MDR-M – Metrics in relation to material sustainability matters	<i>E1, E2, E3, E4, E5, S1, G1 Metrics tables;</i> <i>E1, E2, E3, E4, E5, S1, G1 Reporting principles for metrics</i>
Targets MDR-T – Tracking effectiveness of policies and actions through targets	<i>E1, E2, E3, E4, E5, S1, S2, S3, S4, G1 Metsä Group's 2030 sustainability targets</i>
<b>ESRS E1 – Climate Change</b>	
E1-1 – Transition plan for climate change mitigation	<i>E1 Transition plan for climate change mitigation and adaptation</i>
E1-2 – Policies related to climate change mitigation and adaptation	<i>E1 Policies</i>
E1-3 – Actions and resources in relation to climate change policies	<i>E1 Actions;</i> <i>E1 GHG emissions reduction targets -table</i>
E1-4 – Targets related to climate change mitigation and adaptation	<i>E1 Metsä Group's 2030 sustainability targets;</i> <i>E1 GHG emissions reduction targets -table;</i> <i>E1 Reporting principles for metrics</i>
E1-5 – Energy consumption and mix	<i>E1 Energy consumption and combination of energy sources -table;</i> <i>E1 Energy generation -table;</i> <i>E1 Total energy consumption by energy source and business area -table</i>
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	<i>E1 GHG emissions -table;</i> <i>E1 GHG emissions by business area -table;</i> <i>E1 GHG intensity -table</i>
E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	<b>Metsä Group does not have carbon capture of offsets.</b>
E1-8 – Internal carbon pricing	<i>E1 Financial effects</i>
E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	<i>E1 Financial effects</i> <b>Anticipated financial effects reported partly as qualitative information.</b>
<b>ESRS E2 – Pollution</b>	
E2-1 – Policies related to pollution	<i>E2 Policies</i>
E2-2 – Actions and resources related to pollution	<i>E2 Actions</i>
E2-3 – Targets related to pollution	<i>E2 Targets</i>
E2-4 – Pollution of air, water and soil	<i>E2 Emissions to air -table;</i> <i>E2 Emissions to water -table;</i> <i>E2 Environmental permit deviations at Metsä Group's mills -table;</i> <i>E2 Reporting principles for metrics</i>
E2-5 – Substances of concern and substances of very high concern	<b>Metsä Group does not cause emissions of substances of concern or very high concern.</b>
E2-6 – Anticipated financial effects from pollution-related impacts, risks and opportunities	<i>E2 Financial effects</i> <b>Anticipated financial effects reported partly as qualitative information.</b>

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ESRS INDICATOR	LOCATION & COMMENT
<b>ESRS E3 – Water and Marine Resources</b>	
E3-1 – Policies related to water and marine resources	<i>E3 Policies</i> Metsä Group does not use marine resources.
E3-2 – Actions and resources related to water and marine resources	<i>E3 Actions</i>
E3-3 – Targets related to water and marine resources	<i>E3 Metsä Group's 2030 sustainability target;</i> <i>E3 Reporting principles for metrics</i>
E3-4 – Water consumption	<i>E3 Water withdrawals and consumption and wastewater discharges -table;</i> <i>E3 Reporting principles for metrics</i>
E3-5 – Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	<i>E3 Financial effects</i> Anticipated financial effects reported partly as qualitative information.
<b>ESRS E4 – Biodiversity and Ecosystems</b>	
E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model	<i>E4 Transition plan and consideration of biodiversity and ecosystems in the strategy and business model</i>
E4-2 – Policies related to biodiversity and ecosystems	<i>E4 Policies</i>
E4-3 – Actions and resources related to biodiversity and ecosystems	<i>E4 Actions</i>
E4-4 – Targets related to biodiversity and ecosystems	<i>E4 Metsä Group's 2030 sustainability target;</i> <i>E4 Reporting principles for metrics</i>
E4-5 – Impact metrics related to biodiversity and ecosystems change	<i>E4 Areas valuable to biodiversity in the vicinity of Metsä Group's production units -table;</i> <i>E4 Impact metrics related to changes in biodiversity and ecosystems</i>
E4-6 – Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	<i>E4 Financial effects</i> Anticipated financial effects reported partly as qualitative information.
<b>ESRS E5 – Resource Use and Circular Economy</b>	
E5-1 – Policies related to resource use and circular economy	<i>E5 Policies</i>
E5-2 – Actions and resources related to resource use and circular economy	<i>E5 Actions</i>
E5-3 – Targets related to resource use and circular economy	<i>E5 Metsä Group's 2030 sustainability target;</i> <i>E5 Reporting principles for metrics</i>
E5-4 – Resource inflows	<i>E5 Inflows of material and energy streams -table;</i> <i>E5 Reporting principles for metrics</i>
E5-5 – Resource outflows	<i>E5 Outflows of material and energy streams -table;</i> <i>E5 Waste use and disposal -table;</i> <i>E5 Reporting principles for metrics</i>
E5-6 – Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	<i>E5 Financial effects</i> Anticipated financial effects reported partly as qualitative information.
<b>ESRS S1 – Own Workforce</b>	
S1-1 – Policies related to own workforce	<i>S1 Policies</i>
S1-2 – Processes for engaging with own workers and workers' representatives about impacts	<i>S1 Engaging with own workers and workers' representatives about impacts</i>
S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	<i>S1 Processes to remediate negative impacts and channels for the company's own workers to raise concerns;</i> <i>G1 Mechanisms for identifying, reporting and investigating concerns</i>
S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	<i>S1 Actions</i>
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	<i>S1 Metsä Group's 2030 sustainability target;</i> <i>S1 Reporting principles for metrics</i>
S1-6 – Characteristics of the undertaking's employees	<i>S1 Employees by gender -table;</i> <i>S1 Employees by country -table;</i> <i>S1 Employees by contract type, broken down by gender -table;</i> <i>S1 Employees by contract type, broken down by country -table;</i> <i>S1 Employee turnover and recruitment -table;</i> <i>S1 Reporting principles for metrics</i>
S1-7 – Characteristics of non-employee workers in the undertaking's own workforce	<i>S1 Non-employee workers in company's workforce -table;</i> <i>S1 Reporting principles for metrics</i>
S1-8 – Collective bargaining coverage and social dialogue	<i>S1 Policies;</i> <i>S1 Engaging with own workers and workers' representatives about impacts;</i> <i>S1 Collective bargaining coverage and social dialogue -table</i>
S1-9 – Diversity metrics	<i>S1 Gender distribution in management -table;</i> <i>S1 Age distribution of employees -table;</i> <i>S1 Reporting principles for metrics</i>
S1-10 – Adequate wages	<i>S1 Policies</i>
S1-11 – Social protection	<i>S1 Social protection -table;</i> <i>S1 Reporting principles for metrics</i>
S1-12 – Persons with disabilities	Non-material. Most Metsä Group employees are production workers with specific limitations regarding disabilities. It was assessed that there is no need to discuss disabilities as separate part from other diversity matters in Metsä Group's case.

ESRS INDICATOR	LOCATION & COMMENT
<b>ESRS S1 – Own Workforce</b>	
S1-13 – Training and skills development metrics	<i>S1 Training and skills development -table</i>
S1-14 – Health and safety metrics	<i>S1 Policies;</i> <i>S1 Actions;</i> <i>S1 Health and safety -table;</i> <i>S1 Reporting principles for metrics</i>
S1-15 – Work-life balance metrics	<i>S1 Policies;</i> <i>S1 Family-related leave -table;</i> <i>S1 Reporting principles for metrics</i>
S1-16 – Compensation metrics (pay gap and total compensation)	<i>S1 Total remuneration ratio of women and men -table;</i> <i>S1 Total remuneration -table;</i> <i>S1 Reporting principles for metrics</i>
S1-17 – Incidents, complaints and severe human rights impacts	<i>S1 Incidents, complaints and severe human rights impacts;</i> <i>S1 Incidents, complaints and severe human rights impacts -table;</i> <i>S1 Reporting principles for metrics</i>
<b>ESRS S2 – Workers in the Value Chain</b>	
S2-1 – Policies related to value chain workers	<i>S2 Policies</i>
S2-2 – Processes for engaging with value chain workers about impacts	<i>S2 Engaging with value chain workers about impacts;</i>
S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns	<i>S2 Processes to remediate negative impacts and channels for value chain workers to raise concerns;</i> <i>G1 Mechanisms for identifying, reporting and investigating concerns</i>
S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	<i>S2 Processes to remediate negative impacts and channels for value chain workers to raise concerns;</i> <i>S2 Actions</i>
S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	<i>S2 Targets;</i> <i>G1 Metsä Group's 2030 sustainability targets;</i> <i>G1 Reporting principles for metrics</i>
<b>ESRS S3 – Affected Communities</b>	
S3-1 – Policies related to affected communities	<i>S3 Policies</i>
S3-2 – Processes for engaging with affected communities about impacts communities about impacts	<i>S3 Engaging with affected communities about impacts</i>
S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns	<i>S3 Processes to remediate negative impacts and channels for affected communities to raise concerns;</i> <i>G1 Mechanisms for identifying, reporting and investigating concerns</i>
S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	<i>S3 Processes to remediate negative impacts and channels for affected communities to raise concerns;</i> <i>S3 Actions</i>
S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	<i>S3 Targets</i>
<b>ESRS S4 – Consumers and end-users</b>	
S4-1 – Policies related to consumers and end-users	<i>S4 Policies</i>
S4-2 – Processes for engaging with consumers and end-users about impacts	<i>S4 Engaging with consumers and end-users about impacts</i>
S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	<i>S4 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns;</i> <i>G1 Mechanisms for identifying, reporting and investigating concerns</i>
S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	<i>S4 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns;</i> <i>G1 Mechanisms for identifying, reporting and investigating concerns</i>
S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	<i>S4 Targets</i>
<b>ESRS G1 – Business Conduct</b>	
G1-1– Business conduct policies and corporate culture	<i>G1 The identification and assessment of material impacts, risks and opportunities;</i> <i>G1 Policies;</i> <i>G1 Mechanisms for identifying, reporting and investigating concerns</i>
G1-2 – Management of relationships with suppliers	<i>G1 Relationships with goods and service suppliers;</i> <i>G1 Payment practices</i>
G1-3 – Prevention and detection of corruption and bribery	<i>G1 Mechanisms for identifying, reporting and investigating concerns;</i> <i>G1 Prevention and detection of corruption and bribery</i>
G1-4 – Confirmed incidents of corruption or bribery	<i>G1 Mechanisms for identifying, reporting and investigating concerns;</i> <i>G1 Incidents of non-compliance with good governance or ethical corporate culture -table</i>
G1-5 – Political influence and lobbying activities	<i>G1 Political influence and lobbying activities</i>
G1-6 – Payment practices	<i>G1 Payment practices;</i> <i>G1 Reporting principles for metrics</i>

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**Datapoints that derive from EU legislation**

A list of data points from cross-cutting and topical standards derived from EU legislation and their locations.

ESRS INDICATOR	LOCATION & COMMENT	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference
<b>ESRS 2 – General disclosures</b>					
GOV-1 Board's gender diversity paragraph 21 (d)	<i>The role of, information provided to and sustainability matters addressed by the administrative, management and supervisory bodiet</i>	x		x	
GOV-1 Percentage of board members who are independent paragraph 21 (e)	<i>The role of, information provided to and sustainability matters addressed by the administrative, management and supervisory bodies</i>			x	
GOV-4 Statement on due diligence paragraph 30	<i>Due diligence process -table</i>	x			
SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Not material.	x	x	x	
SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Not material.	x		x	
SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Not material.	x		x	
SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	Not material.			x	
<b>ESRS E1 – Climate change</b>					
E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	<i>E1 Transition plan for climate change mitigation and adaptation</i>				x
E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	<i>E1 Reporting principles for metrics</i>		x	x	
E1-4 GHG emission reduction targets paragraph 34	<i>E1 Metsä Group's 2030 sustainability targets; E1 Transition plan for climate change mitigation -table; E1 Reporting principles for metrics</i>	x	x	x	
E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	<i>E1 Total energy consumption by energy source and business area -table</i>	x			
E1-5 Energy consumption and mix paragraph 37	<i>E1 Energy consumption and combination of energy sources -table</i>	x			
E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	<i>E1 Energy consumption and combination of energy sources -table</i>	x			
E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	<i>E1 GHG emissions -table</i>	x	x	x	
E1-6 Gross GHG emissions intensity paragraphs 53 to 55	<i>E1 GHG intensity -table</i>	x	x	x	
E1-7 GHG removals and carbon credits paragraph 56	Not material.				x
E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Not material.			x	
E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	Not material.		x		
E1-9 Location of significant assets at material physical risk paragraph 66 (c)	Not material.		x		
E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	Not material.		x		
E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	Not material.			x	
<b>ESRS E2 – Pollution</b>					
E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil paragraph 28	<i>E2 Actions; E2 Emissions to air -table; E2 Emissions to water -table</i>	x			

ESRS INDICATOR	LOCATION & COMMENT	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference
<b>ESRS E3 – Water and marine resources</b>					
E3-1 Water and marine resources paragraph 9	<i>E3 Policies</i>	x			
E3-1 Dedicated policy paragraph 13	<i>E3 Policies</i>	x			
E3-1 Sustainable oceans and seas paragraph 14	Not material.	x			
E3-4 Total water recycled and reused paragraph 28 (c)	<i>E3 Water withdrawals and consumption and wastewater discharges -table</i>	x			
E3-4 Total water consumption in m <sup>3</sup> per net revenue on own operations paragraph 29	<i>E3 Water withdrawals and consumption and wastewater discharges -table</i>	x			
<b>ESRS E4 – Biodiversity and ecosystems</b>					
IRO 1 - E4 paragraph 16 (a) i	<i>E4 The identification and assessment of material impacts, risks and opportunities</i>	x			
IRO 1 - E4 paragraph 16 (b)	<i>E4 The identification and assessment of material impacts, risks and opportunities</i>	x			
IRO 1 - E4 paragraph 16 (c)	<i>E4 The identification and assessment of material impacts, risks and opportunities</i>	x			
E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Not material.	x			
E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Not material.	x			
E4-2 Policies to address deforestation paragraph 24 (d)	<i>E4 Policies</i>	x			
<b>ESRS E5 – Resource use and circular economy</b>					
E5-5 Non-recycled waste paragraph 37 (d)	<i>E5 Waste use and disposal -table</i>	x			
E5-5 Hazardous waste and radioactive waste paragraph 39	<i>E5 Waste use and disposal -table</i> Metsä Group's operations do not produce radioactive waste.	x			
<b>ESRS S1 – Own workforce</b>					
SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	<i>S1 Policies</i>	x			
SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	<i>S1 Policies</i>	x			
S1-1 Human rights policy commitments paragraph 20	<i>S1 Policies</i>	x			
S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 21	<i>S1 Policies</i>			x	
S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	<i>S1 Policies</i>	x			
S1-1 Workplace accident prevention policy or management system paragraph 23	<i>S1 Policies</i>	x			
S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	<i>S1 Processes to remediate negative impacts and channels for the company's own workers to raise concerns; G1 Mechanisms for identifying, reporting and investigating concerns</i>	x			
S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	<i>S1 Health and safety -table</i>	x		x	
S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	<i>S1 Health and safety -table; S1 Reporting principles for metrics</i>	x			
S1-16 Unadjusted gender pay gap paragraph 97 (a)	<i>S1 Total remuneration ratio of women and men -table</i>	x		x	
S1-16 Excessive CEO pay ratio paragraph 97 (b)	<i>S1 Total remuneration -table</i>				
S1-17 Incidents of discrimination paragraph 103 (a)	<i>S1 Incidents, complaints and severe human rights impacts -table</i>	x			
S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	<i>S1 Incidents, complaints and severe human rights impacts -table</i>	x		x	

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ESRS INDICATOR	LOCATION & COMMENT	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference
<b>ESRS S2 – Workers in the value chain</b>					
SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	S2 The identification and assessment of material impacts, risks and opportunities	x			
S2-1 Human rights policy commitments paragraph 17	S2 Policies	x			
S2-1 Policies related to value chain workers paragraph 18	S2 Policies	x			
S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	S2 Policies	x		x	
S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 19	S2 Policies			x	
S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	S2 Actions	x			
<b>ESRS S3 – Affected communities</b>					
S3-1 Human rights policy commitments paragraph 16	S3 Policies	x			
S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	S3 Policies	x		x	
S3-4 Human rights issues and incidents paragraph 36	S3 Actions	x			
<b>ESRS S4 – Consumers and end-users</b>					
S4-1 Policies related to consumers and end-users paragraph 16	S4 Policies	x			
S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	S4 Policies	x		x	
S4-4 Human rights issues and incidents paragraph 35	S4 Actions	x			
<b>ESRS G1 – Business conduct</b>					
G1-1 United Nations Convention against Corruption paragraph 10 (b)	G1 Policies	x			
G1-1 Protection of whistle-blowers paragraph 10 (d)	G1 Mechanisms for identifying, reporting and investigating concerns	x			
G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	G1 Incidents of non-compliance with good governance or ethical corporate culture -table	x		x	
G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	G1 Incidents of non-compliance with good governance or ethical corporate culture -table	x			

**E – Environment**

**The EU Taxonomy**

**General**

The Taxonomy is a classification system for the financial market based on Regulation (EU) 2020/852, valid as of the beginning of 2022, listing economic activities sustainable in terms of climate and the environment. The goal of the Taxonomy is to direct money to sustainable investments so that the EU can achieve its ambitious emission reduction targets.

The Taxonomy's technical screening criteria do not currently cover Metsä Group's core business and products. As a result, taxonomy-eligible economic activities account for only a minor share of our turnover. Our main businesses include wood supply and forest services, wood products, pulp, paperboard, and tissue and greaseproof papers.

**Taxonomy reporting**

The Taxonomy defines six main environmental objectives against which the Group's different economic activities are assessed. These environmental objectives are: (a) climate change mitigation; (b) climate change adaptation; (c) sustainable use and protection of water and marine resources; (d) transition to a circular economy; (e) pollution prevention and control; and (f) protection and restoration of biodiversity and ecosystems. Taxonomy-eligible activities have been assessed against the environmental objective to which each activity contributes most substantially. In addition, an assessment has been made to determine that the activities do no harm to any other environmental objectives. In the Taxonomy, the share of revenue, capital expenditure, and operating expenditure are reported for economic activities.

Taxonomy alignment reports the extent to which business activities support environmental objectives. An economic activity is considered taxonomy-aligned if it contributes substantially to one of the defined environmental objectives and causes no significant harm to the other environmental objectives. In addition, operations must meet minimum safeguards.

Metsä Group has carried out its assessment of taxonomy eligibility and taxonomy alignment based on the EU Taxonomy Regulation, the Climate Delegated Act and the best interpretation of the currently available guidelines issued by the European Commission. Metsä Group's specialists in each topic have assessed whether the economic activities indicated in the Taxonomy meet the criteria of taxonomy alignment. For each economic activity, the assessment considered the criteria for 'substantial contribution' and 'no significant harm' to determine taxonomy alignment. Minimum safeguards were examined at the Group level. Metsä Group was also supported by external specialists in the assessment.

In Metsä Group's opinion, the company meets the Taxonomy's minimum social safeguards, which cover human rights, corruption and bribery, fair competition, and taxation. The Group has reviewed each of these from two perspectives: the presence of relevant processes and the addressing of non-compliance. In its assessment, Metsä Group has detected no incidents of non-compliance or defects in the process. In the reporting year, a human rights impacts assessment was conducted at Metsä Group. It is described on page 32. The human rights due diligence process is described in greater detail under this Sustainability statement's sections S – Social responsibility

and G – Governance. Policies on anti-corruption and fair competition are included in Metsä Group's Code of Conduct. In the reporting year, the company's Executive Management Team also approved anti-corruption principles that supplement the Code of Conduct. Corruption and bribery are discussed in greater detail in this Sustainability statement under G1 – Business conduct and taxation in the Notes to the financial statement under Taxes. In addition, section G1 – Business conduct covers Metsä Group's practices concerning fair competition.

**Reporting principles**

The key figure for Metsä Groups' turnover is calculated applying the same IFRS-compliant accounting principles used for the consolidated financial statements. The overall turnover used to calculate the key figure corresponds to the turnover disclosed in the consolidated financial statements. The accounting principles used for turnover are discussed in Note 2.2 to the consolidated financial statements.

Capital expenditure includes additions to tangible and intangible fixed assets, including any additions to right-of-use assets recognised based on long-term lease agreements. Any increase in goodwill recognised for acquisitions is not included in the capital expenditure specified in the Taxonomy. These items are handled in accordance with IAS 38 Intangible Assets, IAS 16 Property, Plant and Equipment, and IFRS 16 Leases. Additions to intangible assets are presented in Note 4.1. and additions to property, plant and equipment in Note 4.2, to the consolidated financial statements.

Operating expenses include research and development costs recognised as expenses and the maintenance costs of production units and property, supplemented by the costs of waste management and short-term lease agreements. The reported expenses include both external service costs and the wages, including indirect employee costs, of the company's own employees responsible for the listed activities. In the group's income statement, the operating expenditure specified in the Taxonomy is included in materials and services, employee expenses and other operating expenses. Operating expenses are disclosed in Note 2.4 to the consolidated financial statements.

The numerator for turnover, capital expenditure and operating expenditure encompasses the items related to the assets or processes of Taxonomy activities. To avoid double counting, external turnover has been included in the Taxonomy operations only once. In addition, it has been ensured that capital expenditure and operating expenditure are separate for each function.

The key change from the previous year's assessment is the climate risk analysis encompassing all production units, which was conducted in 2024, and which led to the activities of more of our production units qualifying as taxonomy-aligned instead of taxonomy-eligible under codes 4.20 and 4.24. The climate risk analysis is discussed under E1 – Climate change. In a departure from the previous year, information about the Taxonomy activity CCM 5.1. concerning the construction, expansion and operation of water withdrawal, water purification and water distribution systems is not disclosed for 2024. A new assessment indicated that the activity is not relevant for Metsä Group's operations.

**CCM 1.3 Forest management**

Most of the wood procured by Metsä Group comes from individual members of Metsäliitto Cooperative, and the Group itself owns only around

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2,000 hectares of forest. The taxonomy activity 1.3 Forest management encompasses costs related to forestry, felling and transport. The Group's taxonomy-eligible turnover for the activity includes the sale of raw wood originating from forests owned by Metsä Group to third parties. Taxonomy-eligible operating expenditure comprises harvesting, transport and forestry costs.

**PPC 2.4 Remediation of contaminated sites and areas**

The Group's business areas have environmental liabilities related to former activities on industrial sites that have since been closed, sold or leased, and from decommissioned landfill sites. The costs incurred from the remediation of contaminated areas required in connection with mill investments are taxonomy-eligible capital expenditure related to the remediation of contaminated sites and areas in the Taxonomy. In 2024, these concerned the renewal and expansion investment of the Mariestad tissue paper mill.

**CE 3.2 Renovation of existing buildings**

Taxonomy-eligible capital expenditure includes the renovation of existing buildings, including renovation investments in Metsä Group's real estate. This activity encompasses renovations with a value in excess of EUR 100,000, as renovation projects with a value less than this are considered normal service and maintenance expenses.

The bulk of taxonomy-eligible capital expenditure is incurred at the Äänekoski, Kyro and Simpele board mills, the Kemi bioproduct mill area, and the Joutseno pulp mill, as well as in the operations of Metsä Wood's engineered wood products and the UK operations.

The most significant share of taxonomy-eligible operating expenditure includes the expenditure related to the renovation of buildings in the Tako and Husum production units.

**CE 3.3 Demolition and wrecking of buildings and other structures**

Taxonomy-eligible capital expenditure related to the demolition and wrecking of buildings and other structures is disclosed if demolition and wrecking are required before a new building or structure can be constructed. In 2024, taxonomy-eligible capital expenditure was related to the demolition of old buildings in the Mariestad tissue paper mill area.

**CCM 4.20 Cogeneration of heat/cool and power from bioenergy**

Turnover from this activity includes the sales of district heat generated at the Vilppula sawmill and the sales of external electricity, as well as the sales of heat generated at the Simpele power plant to nearby regions.

The most significant part of taxonomy-aligned turnover for this activity includes the sales of heat and power co-generated at the Kemi bioproduct mill and pulp mills. In addition, the Group's taxonomy-aligned turnover includes the sales of power and/or heat from the Kyro and Husum power plants and Kumpuniemen Voima.

Taxonomy-eligible capital expenditure for this activity includes the Simpele power plant's maintenance investments. Taxonomy-aligned

capital expenditure for this activity primarily consists of the Kyro power plant's investment in a new turbine and the Husum pulp mill's investments in the renewal of the recovery boiler and turbine. The rest consists of maintenance investments in the Kemi bioproduct mill and the Rauma pulp mill.

Taxonomy-eligible operating expenditure comprises costs from the Simpele power plant and the Vilppula sawmill. The bulk of taxonomy-aligned operating expenditure consists of costs from the Rauma pulp mill, Äänekoski and Kemi bioproduct mills, Joutseno production unit, and Renko sawmill. The remaining aligned operating expenditure comprises costs from Kumpuniemen Voima, the Husum pulp mill and the Kyro power plant.

Due to the comprehensive climate risk analysis conducted in 2024, more production units came to meet the Taxonomy's criteria during the reporting year. New taxonomy-aligned production units added since 2023 include Kumpuniemen Voima, the Joutseno and Rauma pulp mills, the Renko sawmill, the Kemi bioproduct mill, and the Kyro power plant.

**CCM 4.24 Production of heat/cool from bioenergy**

Taxonomy-eligible turnover for this activity mainly consists of the sales of heat generated by the Äänekoski biopower plant and Lohjan Biolämpö.

Taxonomy-eligible capital expenditure for this activity mainly consists of maintenance investments made at the Äänekoski biopower plant. The most significant part of taxonomy-aligned capital expenditure consists of maintenance investments made at the Punkaharju power plant, Kaskinen power plant and Katrinefors power plant.

Taxonomy-eligible operating expenditure mainly consists of costs from the Äänekoski biopower plant. It also includes costs from Lohjan Biolämpö, the Kaskinen Alrec chemicals recovery plant, and the Pauliström and Nyboholm production units. The most significant part of taxonomy-aligned operating expenditure consists of maintenance costs from the Kaskinen power plant, Punkaharju power plant and Kreuzau tissue paper mill.

New taxonomy-aligned production units added under this activity since 2023 include Punkaharju, Lappeenranta and Kaskinen, following the climate risk analysis conducted in 2024. In addition, Kreuzau achieved taxonomy-alignment in 2024 by transitioning to pellet burning in its heat production. Contrary to previous years, the Katrinefors power plant was considered in the taxonomy assessment in 2024.

**CCM 4.9 Transmission and distribution of electricity**

This activity's taxonomy-aligned turnover, capital and operating expenditure include electricity transmission and distribution in Ääneverkko and at the Rauma pulp mill.

**CCM 5.6 Anaerobic digestion of sewage sludge**

At Metsä Group, taxonomy-aligned operating expenditure for the anaerobic digestion of sewage sludge comprise the said activities at the Äänekoski bioproduct mill. Taxonomy-aligned investments in the Äänekoski bioproduct mill are also disclosed for this activity. The activity also involves a small share of turnover from Äänekoski.

**Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024**

Financial year 2024	Year		Substantial contribution criteria								DNSH criteria ('Does not significantly harm')							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2023		Category enabling activity	Category transitional activity
	Code	Turnover	Proportion of turnover, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	%	E	T		
Economic activities		EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																					
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																					
Transmission and distribution of electricity	CCM 4.9.	0.5	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E			
Cogeneration of heat/cool and power from bioenergy	CCM 4.20.	32.1	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%				
Production of heat/cool from bioenergy	CCM 4.24.	0.6	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y					
Anaerobic digestion of sewage sludge	CCM 5.6.	0.2	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%				
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>33.5</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>1%</b>				
Of which enabling		0.5	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E			
Of which transitional			0%	0%													0%				
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																					
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL												
Forest management	CCM 1.3.	0.1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%				
Cogeneration of heat/cool and power from bioenergy	CCM 4.20.	4.5	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%				
Production of heat/cool from bioenergy	CCM 4.24.	15.1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%				
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>19.7</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>1%</b>				
<b>A. Turnover of Taxonomy eligible activities (A.1+A.2)</b>		<b>53.3</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>2%</b>				
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																					
<b>Turnover of Taxonomy-non-eligible activities</b>		<b>5,693.9</b>	<b>99%</b>																		
<b>TOTAL</b>		<b>5,747.2</b>	<b>100%</b>																		

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Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

Financial year 2024	Year		Substantial contribution criteria							DNSH criteria ('Does not significantly harm')							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023	Category enabling activity	Category transitional activity
	Code	CapEx	Proportion of turnover, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards			
Economic activities		EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Cogeneration of heat/cool and power from bioenergy	CCM 4.20.	171	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%		
Production of heat/cool from bioenergy	CCM 4.24.	1.1	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Anaerobic digestion of sewage sludge	CCM 5.6.	2.9	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>21.1</b>	<b>3%</b>	<b>3%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>2%</b>		
Of which enabling		0.0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%		
Of which transitional			0%	0%													0%		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/E	EL; N/E	EL; N/E	EL; N/E	EL; N/E										
Cogeneration of heat/cool and power from bioenergy	CCM 4.20.	0.5	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								9%		
Production of heat/cool from bioenergy	CCM 4.24.	1.0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Remediation of contaminated sites and areas	PPC 2.4.	0.6	0%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0%		
Renovation of existing buildings	CE 3.2.	12.1	2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1%		
Demolition and wrecking of buildings and other structures	CE 3.3.	0.2	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>14.3</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>2%</b>	<b>0%</b>								<b>11%</b>		
<b>A. CapEx of Taxonomy eligible activities (A.1+A.2)</b>		<b>35.4</b>	<b>6%</b>	<b>4%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>2%</b>	<b>0%</b>								<b>13%</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>CapEx of Taxonomy-non-eligible activities</b>		<b>567.9</b>	<b>94%</b>																
<b>TOTAL</b>		<b>603.3</b>	<b>100%</b>																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

Financial year 2024	Year		Substantial contribution criteria							DNSH criteria ('Does not significantly harm')							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023	Category enabling activity	Category transitional activity
	Code	OpEx	Proportion of OpEx, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards			
Economic activities		EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Transmission and distribution of electricity	CCM 4.9.	0.2	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			E
Cogeneration of heat/cool and power from bioenergy	CCM 4.20.	62.0	13%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6%		
Production of heat/cool from bioenergy	CCM 4.24.	4.7	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Anaerobic digestion of sewage sludge	CCM 5.6.	0.5	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%		
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>67.4</b>	<b>14%</b>	<b>14%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>8%</b>		
Of which enabling		0.2	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%		E
Of which transitional			0%	0%													0%		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/E	EL; N/E	EL; N/E	EL; N/E	EL; N/E										
Forest management	CCM 1.3.	0.1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20.	3.3	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10%		
Production of heat/cool from bioenergy	CCM 4.24.	4.0	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%		
Renovation of existing buildings	CE 3.2.	0.8	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1%		
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>8.2</b>	<b>2%</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>13%</b>		
<b>A. OpEx of Taxonomy eligible activities (A.1+A.2)</b>		<b>75.5</b>	<b>16%</b>	<b>16%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>										
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>OpEx of Taxonomy-non-eligible activities</b>		<b>393.2</b>	<b>84%</b>																
<b>TOTAL</b>		<b>468.7</b>	<b>100%</b>																



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**Template 1 for the economic activities of certain energy sectors – Nuclear and fossil gas related activities**

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

**E1 – Climate change**

**Material impacts, risks and opportunities related to climate change mitigation and energy**

Impacts	Risks and opportunities for Metsä Group	Management	Analysis from the perspective of IPCC's 1.5 °C and 4.3 °C scenarios
<b>Greenhouse gas emissions in own operations</b>			
<p>↑ Metsä Group is a nationally significant producer of renewable energy. The bio-based renewable fuels that Metsä Group uses mainly consist of wood-based production side streams and logging residue.</p> <p>↔ The company's biogenic carbon dioxide emissions are classified as carbon-neutral.</p> <p>↓ Metsä Group's production causes climate-warming greenhouse gases. However, Scope 1 and Scope 2 carbon dioxide emissions have decreased notably from the 2018 level.</p>	<p>↑ <b>Market opportunity:</b> By generating and consuming renewable energy, Metsä Group can replace fossil-based energy sources. Renewable energy already accounts for 87% of the energy used in Metsä Group's production (Scope 1 and Scope 2). Most of the energy generated at Metsä Group is used in the company's own production. Some of Metsä Group's production units are self-sufficient in energy.</p> <p>↑ <b>Regulatory opportunity:</b> EU regulation recognises biogenic carbon capture and reuse as raw material as a key technology in climate change mitigation and seeks to create market drivers and incentives for investments.</p> <p>↓ <b>Regulatory risk:</b> Regulation sets significant requirements for new production technology reducing emissions or affects the energy use of the forest industry's side streams and the status of biogenic carbon dioxide emissions in terms of climate neutrality. This may cause changes in the pricing of energy and greenhouse gas emissions, increasing expenses in both production and transports.</p>	<ul style="list-style-type: none"> <li>• Metsä Group's strategic target is to improve energy efficiency and the transition to entirely fossil-free fuels, as well as fossil-free purchased electricity and heat. Production unit-specific roadmaps on actions guide practical work.</li> <li>• Active dialogue with policymakers and other stakeholders develops the operating environment. Political influence is discussed in greater detail under <i>G1 – Business conduct</i>.</li> <li>• Metsä Group has continued its study initiated in 2023 concerning technological and business opportunities for capturing biogenic carbon dioxide and reusing it as raw material for bioproducts (BECCU). The project will proceed to the pilot stage at Metsä Group's Rauma mill site in 2025.</li> </ul>	<ul style="list-style-type: none"> <li>• Thanks to its large share of renewable energy and resource efficiency, Metsä Group can already offer customers products with a competitive carbon footprint. The competitive advantage is greater in the 1.5 °C scenario, in which the carbon footprint influences purchase decisions more than in the 4.3 °C scenario.</li> <li>• In the long term, Metsä Group has a considerable opportunity to create BECCU business and introduce bio-based products replacing fossil-based materials on the market. This opportunity is greater in the 1.5 °C scenario than on the 4.3 °C track.</li> <li>• The climate neutrality of biogenic carbon dioxide is a key driver in BECCU value chain investments. Should the classification change, it could negatively affect companies' investment appetite, making the 1.5 °C scenario more difficult to achieve.</li> <li>• Regulatory impacts, as well as risks and opportunities, are smaller in the 4.3 °C scenario.</li> </ul>
<b>Greenhouse gas emissions in the upstream and downstream value chain</b>			
<p>↓ The emissions caused by the long transport distances of Metsä Group's upstream and downstream value chain and some products (Scope 3) generate climate-warming greenhouse emissions.</p>	<p>↑ <b>Market opportunity:</b> Metsä Group's main raw material, wood, is procured mainly from Finnish and Swedish forests, keeping transport distances moderate.</p> <p>↓ <b>Regulatory and market risk:</b> Regulation and customer requirements increase the demands to reduce greenhouse gas emissions in the value chain. A comprehensive identification, accurate measurement and reduction of climate impacts is more challenging in the value chain than in the company's own operations. For example, 22% of Scope 3 emissions come from the end-of-life treatment of sold products.</p>	<ul style="list-style-type: none"> <li>• During the financial year, the calculation of Group-level Scope 3 emissions was further developed.</li> <li>• Suppliers are encouraged to set emissions reduction targets. Moreover, joint emissions reduction projects are agreed with suppliers. They are related to the company's strategic target of setting a joint sustainability target with partner suppliers.</li> <li>• By 2030, Metsä Group's Wood Supply aims to have reduced fossil-based carbon dioxide emissions from wood supply in Finland by 30% from the 2022 level.</li> <li>• Metsä Tissue aims to produce all its tissue paper products as close as possible to consumers. More than 90% of the deliveries are within a radius of 500 kilometres.</li> <li>• Active dialogue with policymakers and other stakeholders develops the operating environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory and market risks and opportunities are greater in the 1.5 °C scenario than in the 4.3 °C scenario.</li> <li>• In the 4.3 °C scenario, the value chain's motivation to produce and share information about emissions is low, making it more difficult to measure Scope 3 emissions and commit the value chain to emissions reductions than in the 1.5 °C scenario.</li> </ul>

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Impacts	Risks and opportunities for Metsä Group	Management	Analysis from the perspective of IPCC's 1.5 °C and 4.3 °C scenarios
<b>Carbon balance of forests</b>			
↔ Metsä Group provides its parent company Metsäliitto Cooperative's owner-members with forest management services that support regenerative forestry, promoting carbon storage in commercial forests. Metsä Group is developing a calculation to verify the impact of wood supply and forest management on the carbon balance. Wood is mainly procured from owner-members' forests, and owner-members own 32% of Finnish forests.	<p>↑ <b>Market opportunity:</b> Awareness of regenerative forestry increases and further boosts customers', consumers' and other stakeholders' trust in Metsä Group. Wood is Finland's most significant processed natural resource, providing a good basis for the bioeconomy and circular economy and innovations based on a renewable raw material.</p> <p>↔ <b>Market and regulatory opportunity and risk:</b> The development of voluntary carbon markets and EU regulation concerning the certification of carbon removals provide opportunities for improving forests' carbon storage and tree growth through active forest management. However, the growth of voluntary carbon markets involves a risk of reduced availability of wood raw material.</p> <p>↓ <b>Regulatory risk:</b> Regulation concerning the use of forests as carbon sinks and storage restricts felling volumes. Legislation will become fragmented, and it will fail to account for local conditions or all the other ecosystem services apart from carbon storage. This will lead to the partial optimisation of forest management from the perspective of ecosystem services.</p> <p>↓ <b>Market risk:</b> Consumers will become increasingly critical of forest use, because they associate wood consumption with the decrease in the carbon sinks and storage of forests. The size of this risk will be influenced by Metsä Group's success in its regenerative forestry target and in mainstreaming related measures.</p>	<ul style="list-style-type: none"> <li>• The regenerative forestry strategy aims to measurably strengthen the state of nature by 2030. As part of regenerative forestry, strategic sustainability targets have been set for wood supply, the achievement of which increases carbon storage in commercial forests and promotes forest biodiversity.</li> <li>• The forest is quickly renewed after regeneration felling so that it can more rapidly begin storing carbon from the atmosphere.</li> <li>• The calculation and reporting of the carbon balance of forests is being developed in cooperation with forest owners and partners.</li> <li>• Resource efficient use of raw materials avoids waste in production. The goal is to use all production side streams.</li> <li>• Metsä Group increases the production capacity of wood-based products that store carbon for a long time.</li> <li>• Active dialogue with policymakers and other stakeholders develops the operating environment and increases awareness of regenerative forestry.</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory and market risks and opportunities are greater in the 1.5 °C scenario than in the 4.3 °C scenario.</li> <li>• In the 4.3 °C scenario, information about forests' carbon balance and products' biogenic carbon storage is underutilized, weakening opportunities to extensively optimise the climate benefits of wood-based value chains and the related market opportunities.</li> </ul>
<b>Products</b>			
↑ Metsä Group mainly uses fossil-free raw materials and packaging materials, and its mills run mainly on fossil-free energy.	<p>↑ <b>Regulatory opportunity:</b> Regulation that acknowledges that forest industry products can replace materials made from fossil-based raw materials, and/or the production of which generates substantial amounts of fossil-based emissions.</p> <p>↑ <b>Market opportunity:</b> Metsä Group's long-term work to promote resource efficiency and fossil-free operations and products help Metsä Group's customers achieve their own targets for climate change mitigation. Climate benefits are verified with life-cycle calculations. Consumers favour packaging made from a renewable fossil-free raw material that is easy to recycle or reuse. Biogenic carbon is an important component in the development of a hydrogen economy and can provide a sustainable raw material for various products. Metsä Group has an ongoing development project related to its capture.</p>	<ul style="list-style-type: none"> <li>• Renewable wood is the main raw material of products. • The goal is for all raw materials and packaging materials to be fossil-free by 2030.</li> <li>• The use of fossil-free energy reduces the carbon footprint of products.</li> <li>• The continuous development of the carbon footprint calculation of Metsä Group's products.</li> <li>• Metsä Group's five strategic R&amp;D programmes involve wide cooperation within the company and with partners concerning themes such as fossil-free raw materials and the circular economy.</li> <li>• New forest-based bioeconomy and circular economy business concepts are sought and developed in cooperation with partners.</li> <li>• Active dialogue with policymakers and other stakeholders develops the operating environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory and market opportunities are greater in the 1.5 °C scenario than in the 4.3 °C scenario.</li> <li>• In the 4.3 °C scenario, the carbon footprints of products and the biogenic carbon stored in products no longer steer customer's choices. The market introduction of new bio-based products is more difficult in this scenario than in the 1.5 °C scenario.</li> </ul>
↑ Metsä Group produces products that store biogenic carbon for a long time and recyclable fibre products that keep biogenic carbon in the cycle.	<p>↑ <b>Market and regulatory opportunity:</b> EU regulation on carbon removal certification recognises the long-term storage of biogenic carbon in products as carbon removal. This creates opportunities for quantifying the climate benefits of long-lived wood products used in construction and adding value to them.</p> <p>↓ <b>Regulatory risk:</b> Regulation that does not identify the climate benefits of products based on renewable wood raw material but primarily focuses on promoting recycled raw material.</p>		
↑ Metsä Group engages in cooperation projects developing new products based on wood raw material. New products can replace fossil-based and emissions-intensive products such as textiles, plastics, chemicals and concrete.			

## Physical risks related to climate change adaptation and their management

Risks for Metsä Group	Management	Analysis from the perspective of IPCC's 1.5 °C and 4.3 °C scenarios
<b>Acute hazards</b>		
↑ An analysis of the physical risks of production units conducted in 2024 indicated that the physical risks of Metsä Group's production units were clearly below average, which supports the Group's competitiveness in a changing climate.	Metsä Group prepares for the risks arising from extreme weather phenomena at both the company and mill levels. Examples of such measures include sufficient reserves of wood, the control of water levels with dam arrangements and ensuring power distribution in exceptional situations. The supply chain is preparing for alternative partners or transport routes.	The impacts of risks are considerably higher in the 4.3 °C scenario than in the 1.5 °C scenario.
↓ Storms, drought and floods cause disruptions in production or complicate the transport of raw materials and products.		
<b>Chronic hazards</b>		
↑ Primarily Metsä Group's mills are not located in or do not withdraw water from areas at high overall water risk, which supports the company's competitiveness in the face of climate change.	Most Metsä Group production units are located by abundant surface water reserves. Two of Metsä Tissue's mills withdraw water from areas of high water stress (WRI Aqueduct Water Risk Atlas). The water quantity in the river is managed by a local water association. As the minimum water quantity in the river is adequate for the area's industrial use, water sufficiency is not a material risk for Metsä Tissue, and the mills' water withdrawal does not cause material harm to the availability of water in the area. Metsä Group's goal of reducing process water use and enhancing the recycling of water within the process reduces the water risk.	The impacts of risks are considerably higher in the 4.3 °C scenario than in the 1.5 °C scenario.
↓ The increased frequency of droughts could weaken the availability of the process and cooling water needed by mills, and causes production breaks.		
↓ Harvesting conditions weaken due to a lack of snow and frost and because of increased precipitation.	Metsä Group's wood supply always considers weather conditions and related changes in harvesting. Wood is harvested only in suitable conditions. If required, wood terminals can be used to smooth out any variation caused by harvesting conditions Metsä Group engages in active technological development to adapt to climate change (planning and harvesting technology).	Temperatures are rising at a different pace in different parts of the world due to climate change. In the 4.3 °C scenario, the long-term (2050) increase in Finland is expected to be 6–7 degrees. The impacts of risks are bigger and more likely in the long term than the short term.
↓ During their life-cycle, Finnish forests will be faced by a considerable temperature increase. As a result, the risk of storms, floods, forest fires, drought and pest insects will increase. Emissions from peatland forests will increase as temperatures rise. Changes will also occur in the prevalence of tree species, and alien species will cause problems in the forest.	Metsä Group's regenerative forestry principles and sustainable forest management services help forests adapt to climate change by strengthening forest biodiversity and promoting forest ecosystems overall. Metsä Group's Wood Supply has strategic targets for promoting forest biodiversity. An example of regenerative forestry is the Metsä Group Plus service offered to owner-members. Metsä Group engages in active technological development to mitigate and adapt to climate change. Examples of this development include the application for detecting forest damage and the use of forest asset data. Increasing the share of continuous cover forestry helps curb and adapt to climate change, as it minimises the GHG emissions of peatland forests. The goal of continuous cover forestry is to maintain a steady surface level of groundwater to prevent the carbon stored in peat being released into the atmosphere and to minimise impacts on waterbodies.	Temperatures are rising at a different pace in different parts of the world due to climate change. In the 4.3 °C scenario, the long-term (2050) increase in Finland is expected to be 6–7 degrees. The impacts of risks are bigger and more likely in the long term than the short term.

- ↑ Positive impact on the environment and society or on Metsä Group's business
- ↓ Negative impact on the environment and society or on Metsä Group's business
- ↔ Neutral impact on the environment and society or on Metsä Group's business

\* The 1.5 °C scenario corresponds to RCP 1.9, in which global warming resulting from climate change remains at or below 1.5 degrees centigrade. The 4.3 °C scenario corresponds to RCP 8.2050, in which global warming resulting from climate change averages 4–5 degrees centigrade (by 2050)

## Metsä Group's 2030 sustainability targets

	2030 target	2024	2023	2022	2018
Energy efficiency index, base year 2018	90	104	102	99.4	100
Fossil-based carbon dioxide emissions (Scope 1 and Scope 2 market-based), t	0 t	781,961	806,926	1,090,669	1,449,234
Fossil-free raw materials and packaging materials, share of dry tonnes, %	100%	99.2	99.3	99.2	-
Amount of forest regeneration and young stand management from the 2018 level, %	+30%	+18	+14	+2.8	33,504 t
Amount of forest fertilisation from the 2018 level, %	+50%	-22	-26	-	9,326 t
Share of continuous cover forestry in peatland forest regeneration, %	30%	15	17	-	-
Amount of carbon stored in wood products from the 2018 level, %	+30%	-25	-21	-12	1,651,505 t

Comparative data have not been provided for all the new targets set in 2023. Information for 2018 is not disclosed in the case of fossil-free raw materials and packaging materials due to changes in calculation. For further details, see Reporting principles for metrics.

Metsä Group's strategic 2030 sustainability targets, and their setting and monitoring, are discussed in greater detail under *Sustainability governance and strategy* and *Material sustainability-related impacts, risks and opportunities*.

The Group's targets for reducing greenhouse gas emissions (Scope 1 and Scope 2) meet the strictest requirements of the Paris Agreement, aimed at limiting global warming to 1.5 degrees. Further information is available in this section under *Reporting principles for metrics*. In

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accordance with the EU's Corporate Sustainability Due Diligence Directive, Metsä Group is preparing to set an absolute Scope 3 emissions reduction target and thus a total emissions reduction target (Scope 1, Scope 2 and Scope 3) in accordance with the Paris Agreement no later than 2027. The guidelines on the Directive's application and its national implementation remain underway.

**Progress in targets**

- **Improvement in energy efficiency index from the 2018 level** – The production curtailments caused by the market situation weakened energy efficiency in 2024. Due to the gas explosion at the Kemi bioproduct mill, a long production outage occurred at the bioproduct mill and neighbouring Metsä Board's board mill. A total of 60 projects involving energy efficiency measures were implemented in 2024.
- **Fossil-based carbon dioxide emissions (Scope 1 and Scope 2 market-based)** – Investments and energy efficiency measures reduced Scope 1 emissions. Scope 2 emissions increased from the previous year due to higher energy consumption. Overall, fossil-based carbon dioxide emissions (Scope 1 and Scope 2 market-based) have decreased by 46% from the 2018 level.
- **Fossil-free raw materials and packaging materials, share of dry tonnes** – The share of fossil-free raw materials and packaging materials of dry tonnes remained at a good level, with nearly all the raw materials and packaging materials being fossil-free.
- **Amount of forest regeneration and young stand management from the 2018 level** – In 2024, progress in the target was better than expected. The amount of young stand management especially increased.
- **Amount of forest fertilisation** – Development was not in line with the target in 2024. The sales of growth fertilisation after the market disruption in 2024 did not progress fully as planned. Actions for increasing the fertilised area in 2025 have been defined and initiated.
- **Share of continuous cover forestry in peatland forest regeneration** – In 2024, progress was not as planned. In 2024, Metsä Group expanded the Metsä Group Plus service to the regeneration of lush peatlands.
- **Amount of carbon stored in wood products from the 2018 level** – The market situation has led to production curtailments at many production units, reducing the production volumes of wood products and thus the amount of carbon stored.

**The identification and assessment of material impacts, risks and opportunities**

In 2024, Metsä Group's climate risks were assessed as part of the climate risk analysis, which covered the physical risks, transition risks and opportunities in the company's own operations and value chain. Metsä Group's internal climate risk workshops were attended by specialists and management from Metsä Group's other business areas and functions. Two IPCC climate scenarios (RCP 1.9 and RCP 8.5), reports of the Finnish Meteorological Institute and scientific articles were used in the analysis. In the RCP 1.9 scenario, the increase in the world's mean temperature is limited to 1.5 °C, and in the RCP 8.5 scenario, emissions continue to increase at the current rate, and the world's mean temperature increases on average by 4.3 °C by 2100. The analysis included a short-term (less than one year), medium-term (1–5 years) and long-term (more than 5 years) review. The time horizons have been considered in terms of the production

units' operating lifetime. Production units are designed to operate for a long time, and their life-cycle exceeds the time horizons employed. They are therefore not discussed in greater detail. Metsä Group's ongoing lobbying work and the related analysis of the operating environment played a key role in the assessment of transition risks. The physical climate risks of Metsä Group's production units and key supply chains were analysed by an external partner. The analysis was carried out using geolocation-based modelling and various climate scenarios. In addition to the present day, the analysis covered 2030 and 2040. The results of the analysis did not highlight any significant risks related to Metsä Group's production units. Based on this, the location of production units supports the Group's competitiveness in the face of climate change. The results of the climate risk and scenario analysis are presented in the table on page 52. The results of the climate risk analysis are included in the company's double materiality assessment. The materiality assessment is described on pages 30–32.

Ensuring undisturbed and uninterrupted operations in all conditions is key in the risk assessment of production units. The assessment process of production units' environmental risks is guided by the ISO 14001 and ISO 50001 management systems. The key identified risks are included in the company-level risk management process. ISO 14001 also guides the assessment and identification of risks in wood supply.

In accordance with the risk management process, the environmental impacts of production units are assessed in connection with the environmental impact assessments of investment projects, for example. The need for environmental impact assessments is determined by the local EIA authority. Risks related to climate change have been taken into account in the environmental impact assessments of the most recent investments.

The regulatory risks associated with forest use are identified, assessed and managed in cooperation with Metsä Group's Wood Supply and the Group's Corporate Affairs unit.

**Transition plan for climate change mitigation and adaptation**

In 2024, the ability of Metsä Group's strategy to respond to climate change was examined in a climate resilience analysis. The analysis was used in drawing up a climate transition plan, supervised by Metsä Group's Corporate Affairs unit and steered by Metsä Group's Sustainability Process Management Team, which comprises directors in charge of sustainability from Metsä Group's businesses and Group Services. Metsä Group's Executive Management Team participated in the climate resilience analysis covering both Metsä Group's ownership and business strategy and the business areas' strategies. Metsä Group's Executive Management Team approved the transition plan in 2024. The Group's Board of Directors was also informed about the plan.

The resilience analysis covered the Group's own operations and value chain. The strategy's resilience was assessed by comparing its adaptive change capability and transformative capability against the material climate risks identified in the risk assessment. Adaptive change capability means the gradual adaptation and mitigation actions mainly in the company's own operations. Transformative capability means actions promoting change that have a broader impact in value chains and communities, for example. The analysis indicated that investing in adaptive change capability and transformative capability strengthens Metsä Group's climate resilience. The significance of transition risks and

opportunities is highlighted especially in the scenario mirroring the Paris Agreement objectives. In turn, the high-emissions scenario emphasises physical risks. The analysis of material physical and transition risks is updated annually. The climate risk scenario analysis and its results are described on page 49. The materiality assessment is described on pages 30–32. Metsä Group's risk management process and its responsibilities are described in greater detail in the Corporate Governance Statement.

The weak predictability of EU legislation is a key uncertainty factor related to the resilience analysis. Adding to uncertainty is the fact that many important details are laid down in provisions separate from the text of directives and regulations. Another significant uncertainty factor is the assessment of the ability of complex natural ecosystems, such as forests, to adapt to climate change.

Population growth, urbanisation, climate change, biodiversity loss and digitalisation pose challenges to companies while offering them growth opportunities. The promotion of sustainability is a key cross-cutting theme in Metsä Group's strategy. Building resilience in a changing climate requires a strategic approach linking climate and nature. As defined by Metsä Group, the purpose of its business is to promote the bioeconomy and circular economy by sustainably and efficiently upgrading northern wood into premium products. Metsäliitto Cooperative's owner-members appreciate long-term climate work and continuous development, making the ownership structure an important part of the Group's resilience. At Metsä Group, climate change mitigation and adaptation and regenerative

forestry as part of sustainability work have been integrated into the company's business and strategic targets.

The company aims to use green financing sources in the transition to fossil-free production and in other financing plans for industrial operations. In 2024 Metsä Group updated its Green Finance Framework, linking Metsä Group's sustainability targets increasingly closely to financing operations in accordance with recent market practices. The sustainable financing committee supervises the implementation of the finance framework.

Metsä Group can use its Green Finance Framework to support the financing and refinancing of environmentally sustainable investments. As a rule, investments are financed with equity, but the largest future investments may require external financing, and potential future financing needs are taken into account in the Green Finance Framework. This will be further specified in next year's report.

The following table presents the key parts of the climate transition plan. The progress made in the climate transition plan's implementation is described under Progress in targets on page 50. Climate targets and actions are discussed in greater detail under *Targets* and *Actions* in this section. Strengthening the state of forest nature plays an important role in climate change adaptation. Biodiversity-related sustainability targets and actions are presented in greater detail under *E4 – Biodiversity and ecosystems*. The entire climate transition plan can be found on *Metsä Group's website*.

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## Transition plan for climate change mitigation

Sub-field	Key actions and related targets
<b>Products</b>	Metsä Group's products can replace materials made from fossil-based raw materials, or the production of which generates substantial amounts of fossil-based emissions. The transition to a low-carbon economy increases demand for resource-efficiently produced fossil-free products. Metsä Group produces products that store biogenic carbon for a long time and mainly recyclable fibre products that keep biogenic carbon in the cycle. Climate benefits are verified with life-cycle calculations, and climate benefit is an essential part of the value proposition of many products. The Group aims for entirely fossil-free production and packaging materials by the end of 2030. The progress made in the targets is discussed under E1 in connection with the 2030 targets.
<b>Research and development</b>	R&D&I activities play a key role in the climate transition across the value chain. Development focuses on the properties of current products, new wood-based bioproduct innovations alongside traditional forest products, and production technologies. In the best case, products currently under development may have important impacts on climate change mitigation, as they often replace products made from non-renewable raw materials.  In 2024, the technological and energy implications of widescale biogenic carbon capture from the flue gases of bioproduct mills were examined for the first time from Metsä Group's perspective. Should carbon capture prove viable, the forest industry could gain a new high-volume wood-based raw material as a suitable replacement for fossil-based raw materials in the chemical industry, for example.
<b>Use of renewable energy, minimising of fossil-based emissions, continuous improvement of resource efficiency and material cycles</b>	Metsä Group has set itself absolute 2030 emissions reduction targets for Scope 1 and Scope 2 emission categories. It aims for fully fossil-free production, which means reducing fossil-based Scope 1 and Scope 2 carbon dioxide emissions to zero by the end of 2030. After abandoning fossil fuels, only biogenic greenhouse gases are left, most of which are accounted for by biogenic carbon dioxide, classified as climate neutral in the EU criteria. In addition, wood-based energy generates small amounts of biogenic methane and nitrous oxide, which, according to the ERSR definition, are included in Scope 1 and Scope 2 emissions along with fossil-based GHGs.  To achieve the target, Metsä Group has a plan for investments and actions to replace fossil-based fuels and purchase energy from fossil-free sources. Metsä Group is also investing in the efficient use of energy, water and materials. New investments are planned with a high level of automation and the best available technology in mind. It is impossible to calculate the exact capital expenditure for climate measures because some of the costs are indirect and are incurred as part of other investments. In recent years, the key investments for achieving fossil-free production have been the Kemi bioproduct mill, the renewal of the recovery boiler and turbine at the Husum pulp mill, the renewal of the turbine at the Kyro board mill, and the Mariestad tissue paper mill's renewal and expansion, which are still underway. Among other things, future investments include the electrification of the boilers and processes that still use fossil fuels. Metsä Group's taxonomy-aligned turnover, capital expenditure and operating expenditure are discussed in the section on EU Taxonomy. The Taxonomy's technical screening criteria do not currently cover Metsä Group's core business. Taxonomy-eligible economic activities therefore account for only a minor share of turnover and are not fully in line with the investments included in the transition plan. In 2024, Metsä Group assessed the physical climate risks of all its production units and improved its taxonomy-alignment. In 2024, the Group's taxonomy-aligned activities were related to the generation of heat, cooling and power from bioenergy and to the anaerobic digestion of sewage sludge. These activities promote the use of renewable energy in the transition plan. Metsä Group does not have significant equity investments in carbon, oil or gas.
	The Scope 1 and Scope 2 emissions reduction targets support the Paris Agreement's objective of limiting global warming to no more than 1.5 °C above pre-industrial levels (IPCC trajectory). The Scope 1 and Scope 2 emissions reduction targets' compliance with the Paris Agreement's 1.5 °C target is discussed in more detail in this section under Reporting principles for metrics. No internationally recognised sector-specific decarbonisation development path is currently available for Metsä Group's industry, the forest industry. Metsä Group has yet to set any official post-2030 emissions reduction targets, but planning of the 2050 1.5 °C net zero pathway in accordance with the Paris Agreement is underway, particularly regarding Scope 3 emissions. Concerning Scope 1 and Scope 2 carbon dioxide emissions, the target is zero as soon as the end of 2030. The net zero target will be set no later than 2027, when Metsä Group comes under the scope of the EU's new Corporate Sustainability Due Diligence Directive. The Directive requires companies to have a transition path aiming for net zero by 2050. The Directive's national implementation is underway. The EU Commission is expected to release additional guidelines on the Directive's application.
	Metsä Group does not use carbon units purchased outside the value chain to offset or balance emissions. Metsä Group follows the development of voluntary carbon markets, including the EU's regulation on carbon removal certification (CRCF). They will play a role in balancing Scope 3 residual emissions when working towards the 2050 net zero target.
<b>Cooperation and impact management in the value chain</b>	In late 2024, Metsä Group set as its target a reduction of GHG emissions in category 4, "Upstream transport and distribution", by 30% per tonne-kilometre by 2030. The target's baseline year is 2022, and the target is in force as of 2025, after which information about it will be disclosed in greater detail. The actions to achieve the target include joint targets with suppliers, the increasing of bio-based fuels, and the optimisation of routes and transport modes. The actions are discussed in greater detail in this section under Actions.
	In accordance with the EU's Corporate Sustainability Due Diligence Directive, Metsä Group is preparing to set an absolute Scope 3 emissions reduction target and thus a total emissions reduction target (Scope 1, Scope 2 and Scope 3) in accordance with the Paris Agreement no later than 2027. The guidelines on the Directive's application and its national implementation remain underway. Currently, Metsä Group's Scope 3 target does not comply with the 1.5 °C trajectory. A detailed roadmap will be drawn up when setting the target. What makes the Scope 3 emissions target challenging is that while Metsä Group can produce products for its customers with an increasingly low carbon footprint by investing in new resource-efficient and environmentally efficient production units, and the renewal of mills to reduce their emissions, these investments increase Scope 3 emissions.
	Of Metsä Group's business areas, Metsä Tissue and Metsä Forest, which offers wood supply and forest services, set overall emissions targets in accordance with the Paris Agreement in 2024. Both business areas aim to reduce total GHG emissions by 50% from 2022 by 2030. Metsä Tissue's emissions reduction target comprises the company's own and the value chain's emissions. As wood supply and forest services do not generate Scope 1 and Scope 2 emissions, the emissions reduction is achieved entirely in the value chain's emissions. The targets are effective from 2025.
<b>Safeguarding nature's capacity for renewal and developing regenerative forestry</b>	The strategic advantage and priority of Metsä Group's business is preserving a healthy and growing forest in northern Europe. Climate change makes northern forests more exposed to stress factors such as forest fires and pest insects. Strengthening biodiversity has many positive impacts on forest health, including a better ability to adapt to climate change. Metsä Group provides forest services for climate change mitigation and adaptation to Metsäliitto Cooperative's owner-members as part of the regenerative forestry strategy. In Finnish forestry, wood production does not involve land-use change, as production is based on native tree species and is part of the natural forest ecosystem, which also offers various other ecosystem services. Metsä Group also promotes regenerative land use in its mill areas. Further information about biodiversity actions is provided under E4 – <i>Biodiversity and ecosystems</i> .
<b>Employee commitment</b>	All Metsä Group employees complete an e-learning course on the basics of sustainability. Climate themes are a central element of the course. An important part of the strategy's implementation is the development of core competence important to the Group. Metsä Group's Academy training concept has been developed for this purpose. In 2024, the concept encompassed Academies for sustainability, sales, procurement, leadership and finance. Climate-related topics are of key importance in the Sustainability Academy, and they are also discussed in other academies and leadership programmes.

## Policies

In its environmental policy, Metsä Group is committed to transitioning to fully fossil-free fuels at its production units, replacing purchased electricity and heat with fossil-free alternatives, improving its energy efficiency, and finding fossil-free alternatives to all the company's raw materials and packaging materials. Policy commitments and related actions are the key measures for managing the identified impacts, transition risks and opportunities. Commitments also encompass ways to manage physical climate risks through water efficiency and sustainable forestry, for example. The environmental policy is followed worldwide by all Metsä Group companies and legal units, and the impacts of the Group's operations have been identified across the value chain. The policy is owned by the SVP, Corporate Affairs, and its implementation is handled by the heads of sustainability in each business area. The main stakeholders affected by the policy are the company's own workforce, suppliers and workers in the value chain, and local communities.

Environmental management and continued environmental performance are guided by the requirements of the production units' certified quality, environmental management and energy management systems, and the Principles of Environmental Management. The production units systematically conduct internal and external audits in accordance with the ISO 14001 and ISO 50001 standards.

Forest use is guided by Metsä Group's principles for forest use and management, in which the company commits to increasing the amount of carbon bound in forests and to promoting forest biodiversity, among other things. Certified quality and environmental management systems are in use in Metsä Group's wood supply.

Suppliers are required to commit to Metsä Group's Supplier Code of Conduct or to their own equivalent codes. Among other things, the Supplier Code of Conduct encourages the setting of reduction targets for greenhouse gas emissions in accordance with the principles of the Science Based Targets initiative, and to continuously improve environmental performance and efficient energy use. Suppliers are required to adopt a certified environmental management system where applicable.

## Actions

### Greenhouse gas emissions and energy in the company's own operations

A roadmap for achieving fossil-free operations has been drawn up for each production unit. The roadmap measures apply to the fuels and backup fuels used at power plants and to the process fuels used at production units. The company will also transition to fully renewable or fossil-free alternatives in its purchased energy. In addition, Metsä Group will improve the efficiency of its energy and water use through continuous development and investment. Reducing water use is a way of mitigating climate change, as process water use and wastewater treatment consume energy, causing greenhouse gas emissions. Measures related to water use are discussed under E3 – *Water and marine resources*. The measures especially affect local communities and the company's own workforce.

At all Metsä Group production units, energy efficiency work is managed by an energy efficiency coordinator. Energy efficiency measures are documented, and their calculated savings are disclosed as part of annual reporting. In 2024, most of the measures were operational, meaning

that they did not require monetary investment but were implemented as changes in operating methods or through communication.

Production shutdowns and a production speed lower than normal reduce the energy efficiency of production units. In 2024, Metsä Group's production was restricted by political strikes in Finland, among other things. The largest single incident affecting energy use was the gas explosion at the Kemi bioproduct mill, which led to exceptional measures across the Kemi mill area.

Despite production curtailments, Metsä Tissue has successfully reduced its relative energy use. In the company's energy efficiency programme, means to enhance energy use have been sought systematically. In 2024, a total of 17 energy efficiency investment projects were underway at the mills, the energy savings of which total nearly 30,000 MWh annually. One of the projects completed in 2024, included in Metsä Tissue's energy efficiency investment projects, was the deployment of separate refining on one of the tissue paper machines at the production unit in Kreuzau. The project began in 2023, and its capital expenditure totalled EUR 2,221,000 for its entire duration.

Energy efficiency was improved by the deployment of a new turbine and generator at the biopower plant of the Kyro board mill in 2024. Thanks to the new turbine's improved efficiency, the biopower plant's electricity self-sufficiency will increase from 30% to 50%. The investment will also increase the share of fossil-free electricity at the Kyro mill. In 2024, the investment's capital expenditure amounted to EUR 5 million.

Other measures improving energy efficiency included pre-engineering aimed at replacing the old natural gas boiler with an auxiliary boiler in Joutseno. In 2024, the pre-engineering capital expenditure totalled EUR 500,000. An electric precipitator was renewed at the Punkaharju production unit, the capital expenditure of which totalled EUR 580,000 in 2024. No direct operating expenditure was recorded.

In 2024, the Group initiated the renewal of the Simpele folding boxboard machine, which will enable the fossil-based fuel used in paperboard production to be replaced with a fossil-free alternative. Deployment is scheduled to take place in 2025. The total value of the investment is EUR 60 million. In the first half of the year, the Simpele mill discontinued the use of peat and replaced it with renewable energy sources.

In 2024, Metsä Group studied the capture of four million tonnes of carbon dioxide at Metsä Group's Kemi bioproduct mill. According to the study, large-scale capture of all the carbon dioxide from a large bioproduct mill is feasible, and in the future, captured carbon dioxide can be used as raw material in the hydrogen economy, for example. However, profitable business requires large investments and the development of the capture technology and market. Metsä Group is progressing in phases in the carbon capture project, and capture will be piloted at the Rauma pulp mill in the summer of 2025.

Future investments to further improve the efficiency of energy use, and their exact timing, will gradually become known to Metsä Group over the coming years.

### Greenhouse gas emissions in the value chain

Metsä Group encourages suppliers to set emission reduction targets to mitigate climate change. The recommendation is part of the Supplier Code of Conduct, and its achievement is monitored in supplier assessments

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and audits, as well as through the website of the Science Based Targets initiative.

The value chain’s greenhouse gas emissions are also reduced through emissions reduction targets jointly set by Metsä Group and its suppliers. The joint 2030 target of Metsä Group and VR, a logistics group, will halve emissions from transports covered by the cooperation. Furthermore, the joint target with Royal Wagenborg, a Dutch maritime logistics company, is to reduce Metsä Group products’ carbon dioxide emissions from marine transports by 30% (per tonne per mile) from the 2021 level by 2030.

Logistics emissions will be continuously reduced by planning efficient routes, minimising transport distances, optimising fill rates and favouring rail connections over road connections on selected routes. In the latest investments, the Kemi bioproduct mill and the Rauma sawmill, the load size of transport units is maximised, and fossil-free fuels are used when transporting products from the production units to ports. These actions particularly affect suppliers.

In 2024, the supply chain’s readiness for emissions reductions was surveyed in cooperation with 22 suppliers and six customers. In late 2024, Metsä Group set as its target a reduction of GHG emissions in category 4, “Upstream transport and distribution”, by 30% per tonne produced. The target’s baseline year is 2022, and it is in force from 2025. Further information about target setting is available in the transition plan.

**Carbon balance of forests**

Metsä Group’s principles of regenerative forestry aim for measures in wood supply and forest services with which the state of nature will begin to verifiably improve in Finland. Regenerative forestry actions will increase forests’ carbon storage, biodiversity and ability to adapt to climate change.

Forest certification demonstrates that the forest has been managed sustainably. The international forest certification systems used by Metsä Group are PEFC (Programme for the Endorsement of Forest Certification, PEFC/02–31-03) and FSC® (Forest Stewardship Council, FSC-C014476). All the wood purchased by Metsä Group comes from either certified forests or forests that meet the requirements of controlled origin (PEFC Controlled Sources, FSC Controlled Wood).

Key practical actions related to climate change mitigation include the following:

- Forests are swiftly renewed after regeneration felling. The faster a new forest is established and the better the quality, the sooner it begins to store carbon from the atmosphere. Cultured seeds and seedlings of domestic tree species are used in renewal whenever available. Domesticated trees grow better than naturally generated trees.
- Young stand management and thinning ensure that stands remain vital, and growth is focused on the best trees.
- Forest fertilisation improves tree growth, maintains the growth conditions of the soil and ensures the vitality of trees.
- Increasing the share of continuous cover forestry helps curb and adapt to climate change, as it minimises the GHG emissions of peatland forests. The goal of continuous cover forestry is to maintain a steady surface level of groundwater to prevent the carbon stored in peat being released into the atmosphere and to minimise impacts on waterbodies.

Strategic sustainability targets have been set for all these measures, and they are presented in the table on page 49. The measures affect especially Metsä Group’s owner-members.

**Products**

Many Metsä Group products mitigate climate change through a substitution effect: they replace materials produced from non-renewable raw materials Metsä Group aims to replace the fossil-based raw materials and packaging materials still in use with fossil-free alternatives by 2030. Replacing a raw material made from fossil carbon with a bio-based alternative increases the amount of carbon stored in products and promotes society’s transition to a fossil-free economy. The Group-wide strategic development programme for R&D and procurement includes three sub-areas that support the transition to fully fossil-free raw materials:

- Long-term laboratory- and pilot-scale research and mill trials with new raw materials support the development of fossil-free products conducted by the scientific community and raw material suppliers.
- Mill-scale packaging material trials and the tracking of customer and global market needs help produce durable packaging that protects products and is based on recycled and bio-based raw materials.
- The development of procurement systems so that the share of fossil-based raw materials can be monitored reliably and accurately.

In 2024, several mill trials were conducted with new raw materials and other materials such as adhesives and coatings for tissue papers and paperboards, adhesives for wood products, and wrapping protecting products. Wrapping solutions based on recycled plastic have been deployed successfully and widely during 2024, and their use will continue to be expanded. The survey of bio-based solutions, as well as the promotion of fully wrapper-free supply concepts, is ongoing. The layer thickness of plastic wrapping has been considerably reduced in specific areas of application, reducing the overall use of plastic. To support decision-making, the cost and technological impacts of the introduction of fossil-free raw materials were defined in a separate development project.

In the best case, Metsä Group’s products currently under development may have important mitigating impacts on climate change. The new products often replace products made from fossil-based plastic or chemicals. Further information about Metsä Group’s R&D activities can be found in the Board of Director’s report under *Research and development*. These actions primarily affect customers and consumers.

**Climate change adaptation**

Climate change adaptation calls for adaptation to both acute hazards such as extreme weather phenomena and chronic hazards, caused by the impacts of climate change on water availability, harvesting conditions, growth conditions of different tree species, or snow, storm, drought, forest fire, insect, and fungi damage in forests.

Metsä Group continuously prepares for the threats arising from extreme weather phenomena at both the company and mill levels. Examples of actions include controlling water levels with dam arrangements and ensuring power distribution in exceptional situations. The supply chain is preparing for alternative transport routes or partners. Most of the Group’s production units are not in areas at high overall water risk, which supports competitiveness in the face of climate change. Metsä Group’s target of reducing the use of process water and increasing water recycling within the process also reduces water risk. These actions particularly affect local communities.

Metsä Group’s wood supply always considers weather conditions and related changes in harvesting. Wood is harvested only in suitable

conditions. If required, wood storage can be used to smooth out variation caused by harvesting conditions. Metsä Group’s regenerative forestry principles and sustainable forest management services help forests adapt to climate change and promote forest biodiversity. Regenerative forestry is discussed in greater detail under *E4 – Biodiversity and ecosystems*.

In 2024, actions related to climate change adaptation did not involve significant expenses.

**Financial effects**

The assessment of physical risks carried out for each production unit indicated that no material physical climate risks were associated with Metsä Group’s production units. The climate scenarios used in the identification and assessment of the production units’ physical climate risks are discussed in the section Identification and assessment of material impacts, risks and opportunities.

No such assets at Metsä Group’s production units have been identified that could be subject to a material transition risk or might lose value due to regulation related to the green transition (stranded assets). Metsä Group’s production still generates fossil-based carbon dioxide emissions, but the company aims for fossil-free production by 2030. After 2030, production will no longer have locked-in fossil-based carbon dioxide emissions. However, a small amount of biogenic greenhouse gases that are included in the Scope 1 and Scope 2 framework will still be generated.

Metsä Group’s turnover is not significantly generated in sectors posing a substantial transition risk such as the coal, gas or oil sectors, and Metsä Group does not itself engage in the coal, gas or oil business. Metsä Group’s main transition risks are related to regulation concerning forest use and wood-based energy, the impact of which, if realised, would be felt in the long term through increased costs.

Of Metsä Group’s existing products, paperboard packaging and mechanical wood products especially can be used to replace fossil-based products. The pulp the Group sells to third parties is also used for these purposes. Potential future products – Kuura and Muoto – will be targeted at the very big global textile and packaging markets. If these development projects progress to commercial production, they will have a major impact on turnover. Carbon capture opportunities are found in big pulp mills. The carbon dioxide they generate can be used in the chemical industry and the hydrogen economy.

Metsä Group is in the scope of the EU Emissions Trading System (ETS). Metsä Group does not use an internal carbon pricing scheme generating actual financial flows. Metsä Board uses an internal carbon pricing scheme for the revenues and write-downs of production units. In addition, shadow prices determined based on ETS prices are applied for carbon dioxide in all the production units’ investment calculations. No estimate has been made of the emissions to which shadow pricing is applied. The price is determined annually, and for investments in a specific year, the price for that year is used. The price remains the same across the investment period. Metsä Group does not disclose the shadow price applied or related assumptions, as it considers this critical and strategically sensitive information for its business.

Known or reasonably expected cost increases include the post-2025 phase-out of free emission allowances at mills using less than 5% of fossil-based energy. The EU Emissions Trading Systems is being updated, and based on current knowledge, free emission allowances will be phased out

entirely after 2030. At the end of the 2024 and 2023 financial periods, the balance sheet had no provisions related to emission allowances. Emission allowances are discussed in more detail in the consolidated financial statements under *Intangible assets*.

**Energy consumption and combination of energy sources**

MWh	2024	2023
<b>FUELS</b>		
Oil	613,014	764,712
Gas	1,262,728	1,206,930
Coal	0	71,937
Waste	72,563	57,419
Peat	50,544	52,485
Wood-based fuels	24,652,697	24,481,590

**PURCHASED ENERGY**

Purchased electricity and heat, renewable wood-based	288,392	464,504
Purchased electricity and heat, other renewable	184,641	32,933
Purchased electricity and heat, fossil-based	528,331	448,276
Purchased electricity and heat, nuclear power	1,347,906	1,321,964

**CONSUMPTION OF OTHER SELF-GENERATED RENEWABLE ENERGY**

Consumption of self-generated hydropower	30,010	29,349
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**TOTAL ENERGY CONSUMPTION**

Total energy consumption, renewable wood-based	24,941,089	24,946,094
Total energy consumption, other renewable	214,651	62,282
Total energy consumption, fossil-based	2,527,180	2,601,759
Total energy consumption, nuclear	1,347,906	1,321,964
<b>Total energy consumption</b>	<b>29,030,826</b>	<b>28,932,099</b>

**ENERGY INTENSITY (MWh/turnover)**

Energy intensity	0.005	0.005
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The 2023 figures were revised retroactively by leaving the amount of energy sold undeducted from the total energy consumption.

The turnover used in energy intensity calculations can be found in the consolidated financial statements under Consolidated statement of comprehensive income. Turnover is reported in euros.

**Energy generation**

MWh	2024	2023
Self-generated energy, renewable	17,113,321	17,300,156
Self-generated energy, fossil-based	745,908	797,884

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### Total energy consumption by energy source and business area

%	Metsä Wood		Metsä Fibre		Metsä Board		Metsä Tissue		Metsä Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Renewable, wood-based energy	79	78	97	97	73	74	27	30	86	86
Other renewable	2.9	3.1	0	0	1.2	0.5	5.1	0.7	0.7	0.2
Nuclear power	15	3.4	0	0	15	16	13	12	4.6	4.6
Fossil fuels	3.2	15	2.7	3.0	11	10	56	58	8.7	9.0
<b>Total energy consumption, MWh</b>	<b>699,276</b>	<b>680,659</b>	<b>19,281,634</b>	<b>1,973,127</b>	<b>8,252,462</b>	<b>7,718,722</b>	<b>1,957,178</b>	<b>1,989,019</b>	<b>29,030,826</b>	<b>28,932,099</b>

### GHG emissions

	2024	2023	Change % (2024/2023)
<b>Scope 1 GHG emissions</b>			
Gross Scope 1 GHG emissions (tCO <sub>2</sub> e)	547,110	601,482	-9.0%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	100	100	0%
<b>Scope 2 GHG emissions</b>			
Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> e)	378,904	444,520	-15%
Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> e)	339,874	310,031	10%
<b>Significant Scope 3 GHG emissions</b>			
Total Gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> e)	4,748,459	5,891,347	-19%
1 Purchased goods and services	1,152,998	1,429,254	-19%
2 Capital goods	166,678	260,511	-36%
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	177,937	180,828	-1.6%
4 Upstream transportation and distribution	863,457	840,658	2.7%
5 Waste generated in operations	6,437	5,669	14%
6 Business traveling	3,822	3,198	20%
7 Employee commuting	7,977	7,889	1.1%
9 Downstream transportation	28,462	26,401	7.8%
10 Processing of sold products	1,243,855	1,402,027	-11%
11 Use of sold products	22,452	26,626	-16%
12 End-of-life treatment of sold products	1,068,496	1,702,147	-37%
15 Investments	5,889	6,139	-4.1%
<b>Total GHG emissions</b>			
Total GHG emissions (location-based) (tCO <sub>2</sub> e)	5,674,473	6,937,349	-18%
Total GHG emissions (market-based) (tCO <sub>2</sub> e)	5,635,443	6,802,860	-17%

For Scope 1 & 2 emissions, neither a base year nor a target year has been reported, as Metsä Group's emission reduction target only concerns fossil carbon dioxide emissions. The reduction target for Scope 3 emissions is effective from the beginning of 2025, from which point the base year and target year figures will be reported. More information about the targets can be found in the E1 Climate Change sections of Metsä Group's 2030 sustainability targets and the Climate Change Mitigation Transition Plan table.

### GHG emissions by business area

tCO <sub>2</sub> e	Wood Supply and Forest Services		Metsä Wood		Metsä Fibre		Metsä Board		Metsä Tissue	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Direct GHG emissions (Scope 1)	-	-	6,035	4,986	214,898	235,441	192,098	202,227	133,665	158,827
Location-based indirect GHG emissions (Scope 2)	-	-	32,942	39,514	71,408	82,593	259,495	299,365	138,115	164,758
Market-based indirect GHG emissions (Scope 2)	-	-	132	65,044	5.0	4.0	84,989	3,747	254,786	245,026
Value chain GHG emissions (Scope 3)	2,168,434	2,111,598	290,108	355,338	2,314,369	3,359,256	1,789,138	1,792,006	460,688	462,135
<b>Location-based total GHG emissions</b>	<b>-</b>	<b>-</b>	<b>329,085</b>	<b>399,838</b>	<b>2,600,675</b>	<b>3,677,290</b>	<b>2,240,731</b>	<b>2,293,598</b>	<b>732,468</b>	<b>785,720</b>
<b>Market-based total GHG emissions</b>	<b>-</b>	<b>-</b>	<b>296,275</b>	<b>425,368</b>	<b>2,529,272</b>	<b>3,594,701</b>	<b>2,066,225</b>	<b>1,997,980</b>	<b>849,139</b>	<b>865,988</b>

### GHG intensity

	2024	2023
GHG intensity based on turnover, Scopes 1 and 2 (market-based) tCO <sub>2</sub> e / euros	0.0002	0.0001
GHG intensity based on turnover, Scopes 1 and 2 (location-based), tCO <sub>2</sub> e / euros	0.0002	0.0001
GHG intensity based on turnover, Scopes 1, 2 and 3 (market-based), tCO <sub>2</sub> e / euros	0.001	0.001
GHG intensity based on turnover, Scopes 1, 2 and 3 (location-based), tCO <sub>2</sub> e / euros	0.001	0.001

The turnover used in emission intensity calculations can be found in the consolidated financial statements under Consolidated statement of comprehensive income. Turnover is reported in euros.

### Wood-based biogenic carbon dioxide emissions

tCO <sub>2</sub>	2024	2023
Wood-based biogenic carbon dioxide emissions	9,762,468	9,694,710

### GHG emissions reduction targets

This table presents the actions carried out and planned future actions as well as the estimated volumes required to achieve the Scope 1 and Scope 2 emissions reduction target.

tCO <sub>2</sub>	Baseline year	Reduction target by 2030
GHG emissions	1,449,234	0
Fuel replacement		-192,122
Electrification		-40,977
Fuel replacement or electrification		-502,890
Transition to fossil-free purchased electricity		-727,377
Others		-15,114

Fuel replacement means replacing a fossil fuel with a fossil-free fuel. Electrification means replacing a fossil fuel by electrifying the process. The decision on fuel replacement or electrification has not yet been made for all emission reductions. These are indicated under the category 'Fuel replacement or electrification'. The "Others" category includes other smaller reduction measures such as energy-efficiency measures.

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**Reporting principles for metrics**

The amount of forest regeneration and young stand management includes, in hectares, the soil preparation and young stand management, or early cleaning and thinning, carried out by Metsä Group's Wood Supply and Forest Services. The amount of forest fertilisation includes, in hectares, the growth, boron and ash fertilisation carried out by Metsä Group's Wood Supply and Forest Services. The share of continuous cover forestry in peatland forest regeneration includes standing sales of Metsä Group's Wood Supply and Forest Services, as well as the group selection cutting, selection cutting and strip felling carried out to regenerate peatlands, and it is calculated based on the amount of felling. Based on the surface area of felling, the result is 22%.

The amount of carbon stored in wood products is calculated based on mechanical wood products. The carbon content is calculated using tree species-specific database factors to ensure comparable results between tonnes of wood (carbon dioxide equivalent).

The amount of fossil-free raw materials and packaging materials includes the raw materials and packaging materials of products produced by Metsä Group. The weight of raw materials is converted to dry tonnes for the target's calculation using the factors provided by the suppliers. A raw material is considered fossil-free if none of its main raw materials contains fossil-based oil. Materials that do not remain in the product, such as some process chemicals, are not taken into account in calculation.

Energy consumption encompasses all Metsä Group's production units. The calculation accounts for the Group's internal energy trade to avoid double counting. Energy consumption is expressed as final energy consumption, which means that the efficiency factors of electricity and heat are not taken into account. Final energy consumption is obtained by summing up the fuel consumed at mills, self-generated hydropower, and the amount of purchased electricity and purchased heat. Internal logistics and the electricity purchased for buildings outside mill areas, such as warehouses and office facilities, is excluded from the calculation, as their share of total energy consumption, and thus of Scope 1 and Scope 2 emissions, is assessed to be non-material. Local factors are used to calculate the energy contained in different fuels. Metsä Group's heat consumption is mainly based on steam.

Metsä Group's main business consists of wood supply and forest services, wood products, pulp, sawn timber, paperboard, and tissue and greaseproof papers, which are considered high-impact climate sectors. Energy intensity has therefore been calculated based on the entire company's energy consumption and turnover.

The energy efficiency index is determined as specific energy consumption, meaning the ratio of energy consumption and production volume. Specific energy consumption is calculated for individual production lines, including the consumption of electricity, heat and fuels as megawatt hours (MWh). Tonnes and cubic metres are both used as units in production volume calculations. They are considered to be of equal value. The energy efficiency of Metsä Group's power plants is not taken into account in calculations. Discontinued lines are included in the calculations for as long as they are used in production. New production units are included in the calculations from the year in which their production begins.

GHG emissions include the emissions of all Metsä Group production units. The emissions calculation accounts for the Group's internal energy trade to avoid double counting. GHG emissions are calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The scope of reporting is based on operational control. An exception to this is the Lohjan Biolämpö Oy and Katrinefors Kraftvärme AB joint ventures, where operational control cannot be assigned to a single party. In Lohja, the consumption-based share of emissions, and in Katrinefors, the holding-based share of emissions, is included in calculations. Reporting covers direct GHG emissions (Scope 1) from Metsä Group's own operations, indirect GHG emissions (Scope 2) from the production of purchased energy, and indirect GHG emissions from other parts of the value chain (Scope 3), including upstream and downstream. Power plant emissions are allocated to the mills that use the energy generated by the plants.

The calculation includes all the greenhouse gases covered by the GHG Protocol (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>). Emissions have been converted into carbon dioxide equivalents.

Scope 1 emissions have been calculated from the fuels used by production units. The calculation is based on supplier-specific emission factors for fuels or on national emission factors. Diffuse emissions have been excluded. Two different methods are used for Scope 2 carbon dioxide emissions. The market-based method uses supplier-specific emissions factors, supplemented with national residual mix emission factors for untracked purchased electricity. In the location-based method, country-specific average emission factors for electricity are used. The residual mix factors and country-specific factors have been obtained from the AIB (Association of Issuing Bodies) report on emission factors. The use of emission factors always involves uncertainty, as the factors are based on average values that may not reflect the special characteristics of operations or the situation at the time. Where possible the factors are updated with supplier-specific values.

Scope 1 GHG emissions for 2023 have been revised from 601,239 tonnes to 601,482 tonnes. This revision was due to a mistake in the Joutseno mill's carbon dioxide emissions calculations, which was detected during emission validation.

In 2024, 75% of Metsä Group's purchased electricity was covered by guarantees of origin, of which 91% had been defined in purchased electricity agreements. Of all the guarantees of origin for purchased electricity:

- 78% were nuclear power certificates with a long-term power purchase agreement;
- 12% were hydroelectric power certificates with a long-term power purchase agreement;
- 1.5% were biopower certificates with a long-term power purchase agreement.
- 8.8% were nuclear power certificates without a long-term power purchase agreement.

Guarantees of origin concern purchased heat and power. For heat, guarantees of origin are used only internally, which is why they are not disclosed in Metsä Group's emissions calculation.

Metsä Group's 2030 sustainability target, "0 tonnes of fossil-based carbon dioxide emissions", concerns Scope 1 and Scope 2 emissions, and only includes fossil-based carbon dioxide emissions, excluding other greenhouse gases. In other respects, the target has been calculated in accordance with the GHG Protocol. The target does not include buildings outside the mill areas or internal logistics, as their share of emissions is assessed to be non-material. The baseline year is 2018, which was selected because it was a year of steady production, thus representing a normal year very well. The target will be reviewed at least every five years starting from 2030.

The 1.5 °C climate pathway sets a reduction target for Scope 1 and Scope 2 GHG emissions, which is 42% according to the target-setting tool of the Science Based Targets standard. Metsä Group's fossil-based carbon dioxide accounts for around 90% of Scope 1 and Scope 2 GHG emissions. The Group's goal, "0 tonnes of fossil-based carbon dioxide emissions", therefore corresponds to GHG emissions reductions of approximately 90% and is in line with the 1.5 °C climate pathway.

The company's biogenic carbon dioxide emissions originate in wood-based fuels. A carbon dioxide emission factor of 396 tonnes of CO<sub>2</sub>/GWh, provided by Statistics Finland, has been used in their calculation.

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 calculation are listed in the table on GHG emissions. Only three categories were excluded from the calculation – upstream leased assets, downstream leased assets and franchising – as they were assessed to be non-material. Metsä Group does not have significant leased assets under Scope 3 that are not already included in Scope 1 and Scope 2. Metsä Group does not engage in franchising. All the Group's companies are included in the calculation.

The Scope 3 inventory has been calculated as tonnes of carbon dioxide equivalent, excluding biogenic carbon dioxide. The operational data used in the calculation is obtained from the Group's internal systems. In the absence of accurate data, assumptions have been used. The emission factors used are mainly from global databases, includingecoinvent 3.9.1, EXIOBASE 3, DEFRA's GHG conversion factors (full set 2022) and IEA's Life Cycle Upstream Emission Factors (2023). Overall, supplier-specific emission factors have been used for 13% of Scope 3 emissions. In Scope 3 category 4, "Upstream Transportation and Distribution", supplier-specific emission factors have been used for 58% of Metsä Group's operational data. In category 1, "Purchased goods and services", supplier-specific emission factors have been used for 53% of Metsä Group's operational data (excluding raw wood). To improve accuracy, supplier-specific emission factors are collected when available. The emission factors are reviewed annually to ensure the latest emission factors are in use.

In the absence of accurate data for purchased goods and services, assumptions and generalisations have been made in the selection of a suitable emission factor for specific purchase categories or individual materials and services, for example. Assumptions have also been made for raw materials and packaging materials when converting materials from different units to tonnes if average material conversion factors have been used in calculations in the absence of product-specific data.

Some of the supplier-specific emission factors in logistics only cover carbon dioxide in current calculations, but they will be updated to include other essential greenhouse gases in the next few years as the international disclosure guidelines for logistics develop. Currently, many of the supplier-specific emission factors in logistics only cover TTW (tank-to-wheel) emissions. As a rule, WTW (well-to-wheel) emission factors are used if available from suppliers. In the case of suppliers and transport routes, the library factors considered most suitable have been used if supplier-specific emission factors are unavailable. The selection of emission factor involves assumptions of the transport mode and more specific type of transport fleet based on the available activity data, for example.

In the absence of accurate data when calculating the processing of sold products, assumptions have been made of the processing methods of products sold to customers. The Group's calculations are not based on primary data collected from customers. Suitable emission factors have been chosen for the assumed product processing methods.

The products' waste treatment methods have been estimated based on publicly available location-based waste treatment data, including statistics (Eurostat, Statista, state statistical offices) and studies (EPA, PEFCR, ResearchGate, MDPI), as well as the Group's information about our products' sales areas. The Group's calculations are not based on primary data collected from customers or end-users, and in the absence of accurate data, assumptions have been made on the final waste treatment methods of products sold based on the sales areas and publicly available waste treatment statistics. Location-based waste treatment statistics have been updated for the calculation to ensure that the latest available data is used. This contributes to the decrease in emissions in the 2024 results.

Metsä Board's investment emissions data is based on the company's share of Metsä Fibre's Scope 1 and Scope 2 emissions, corresponding to Metsä Board's holding (24.9%) in Metsä Fibre, excluding the emissions associated with pulp raw materials procured from Metsä Fibre that have been assigned to the first category of the Scope 3 inventory.

A more detailed description of Scope 3 calculation methods is available on the *company's website*.

The emissions calculation under the scope of emissions trading is validated by an external party as part of emissions trade. The 2023 calculation was validated by Kiwa Inspecta. The 2024 calculation will be validated in the first half of 2025.

Metsä Group has not been excluded from the Paris-aligned Benchmarks.

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## E2 – Pollution

### Pollution-related impacts, risks and opportunities

Impacts	Risks and opportunities for Metsä Group	Management
<b>Pollution of air, water and soil</b>		
<p>↓ In addition to GHG emissions, Metsä Group's production generates other emissions to air. Most of the emissions to air originate in the pulp mills' and power plants' combustion process. Metsä Group's production also generates wastewater discharges. The emission load on small waters and waterbodies caused by wood supply is discussed in section <i>E4 – Biodiversity and ecosystems</i>. The reporting year's emissions to air and environmental permit deviations at production units are presented in this section's table. Several deviations from environmental permit emission limits – especially in the same production unit areas – could be harmful to the environment. The Group's business areas have environmental liabilities related to former activities on industrial sites that have since been closed, sold or leased, and from decommissioned landfill sites.</p> <p>Air, water and soil pollution may occur as a result of technical defects or human errors in Metsä Group's or its service providers' operations.</p>	<p>↓ <b>Risk:</b> Deviations in emissions may cause a liability to pay compensation and costs from corrective action. In addition, Metsä Group's reputation as a sustainable operator may suffer.</p> <p>↑ <b>Opportunity:</b> The use of the best available techniques and certified management systems are verifiable proof of the minimising of emissions to customers.</p>	<ul style="list-style-type: none"> <li>• Emissions to air are reduced with a meticulous control of the combustion processes and the purification of flue gases.</li> <li>• Emissions to water are reduced through reduced water use, more efficient processes and efficient wastewater treatment.</li> <li>• The best available techniques are used and systematically operated in production. Environmental performance is monitored continuously. Proactive measures aimed at preventing interruptions include comprehensive preventive maintenance and observations in production.</li> <li>• Any deviations in emissions and related corrective actions are immediately reported to the authorities.</li> <li>• Production is concentrated in countries where the requirements of environmental legislation are stringent.</li> </ul>
<b>Microplastics</b>		
<p>↑ Metsä Group's products, produced mainly from renewable raw materials, are an alternative to plastic packaging and enable the reduction of microplastics.</p>	<p>↑ <b>Opportunity:</b> Demand for Metsä Group's products increases.</p>	<ul style="list-style-type: none"> <li>• Nearly all Metsä Group products are fossil-free. Active research and development is being conducted to replace the remaining fossil-based raw materials.</li> </ul>

↑ Positive impact on the environment and society or on Metsä Group's business  
 ↓ Negative impact on the environment and society or on Metsä Group's business

### Targets

Metsä Group does not have internal targets related to pollution prevention, but the Environmental Protection Act and the emission limits defined in the production units' environmental permits guide operations and thus encourage environmental pollution to be proactively prevented or limited to a minimum. The emissions-related permit conditions set for individual production units are also the internal targets of each production unit. In accordance with the environmental policy, negative environmental impacts are minimised and environmental efficiency is improved by developing operations in compliance with the principles of sustainability and continuous improvement.

### The identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to pollution have been identified in a double materiality assessment based on the principles of the company's risk management process. The materiality assessment is described on pages 30–32.

Ensuring undisturbed and uninterrupted operations in all conditions is key in the risk assessment of production units. The assessment process of production units' environmental risks is guided by the ISO 14001 and ISO 50001 management systems. The key identified risks are included in the company-level risk management process.

In accordance with the risk management process, the pollution-related impacts of production units are assessed in connection with the environmental impact assessments of investment projects and during the environmental permit processes, for example. The need for environmental impact assessments is determined by the local EIA authority.

After an environmental impact assessment and environmental permit process, the production units operate in accordance with their environmental permit and the company's operational management system.

Local communities have a statutory right to participate in the production units' environmental permit processes by issuing reminders and opinions related to the permit application. Reminders and opinions are taken into account in the permit process. The production units also receive feedback from local communities to which they respond and which they record in the HSEQ system. Some production units organise open house events and town hall-style meetings where the mill's environmental matters are discussed.

### Policies

Most of Metsä Group's emissions to air originate in the pulp mills' and power plants' combustion process. The primary emissions are carbon dioxide, sulphur dioxide, nitrogen oxides and particles. Small amounts of emissions to air are also generated at pulp mills. Their amounts are reduced with the meticulous control of combustion processes and purification of flue gases.

Wastewater discharges primarily consist of nutrients (phosphorus and nitrogen), organic substances measured as chemical and biological oxygen demand, as well as suspended solids. The wastewaters of pulp production also contain organic chlorine compounds, sodium and sulphates. Emissions to water are reduced by reducing water use, making processes more efficient and using efficient abatement technology.

Metsä Group generates very small amounts of heavy metal emissions to water and air, and most of the substances such as zinc and nickel originate

from the wood raw material. Metsä Group's normal operations do not generate emissions to soil containing heavy metals.

In its environmental policy, Metsä Group is committed to protecting the environment and ensuring chemical safety, preventing environmental pollution and continuously developing production processes by employing the best available methods and techniques. Metsä Group's environmental policy is followed worldwide by all Metsä Group companies and legal units, and the impacts of the Group's operations have been identified across the value chain.

Environmental management and continued environmental performance are guided by the requirements of the production units' certified quality, environmental and energy management systems. The production units' environmental management practices are described in greater detail in the environmental management policies. A key goal is to actively engage in preventive work, which is the most effective way of preventing leakage and disruptions. Production unit employees must continuously observe their work environment, actively make environmental observations and adopt immediate corrective actions if required. Regular environmental walks are carried out at Metsä Group. In addition, employees are offered regular info sessions on environmental topics and training opportunities. The production units systematically conduct internal and external audits in accordance with the ISO 14001 and ISO 50001 standards.

All Metsä Group employees have the right and responsibility to report a situation that may cause a leakage or malfunction. Any infringement of environmental permit limits and significant deviations are investigated, and corrective actions are determined. The production unit's management is always in charge of the investigations, as well as the adequacy and implementation of corrective actions.

The terms and conditions of maintenance and investment project agreements for production unit sites contain minimum requirements regarding the environment for goods and service suppliers. Suppliers are required to immediately report any observed hazards, accidents or other equivalent matters to Metsä Group's contact person. Suppliers must participate in the investigation of any environmental deviation or damage resulting from their operations, determine corrective actions and take part in compensating for the damage in accordance with the applicable law and the "polluter pays" principle. Ways of ensuring suppliers' responsibility are discussed in more detail under *G – Governance*.

## Actions

### Pollution of air, water and soil

The best available techniques (BAT) are used in production. All the production units have a valid production-unit-specific environmental permit. The environmental permit and the related programme for monitoring emissions and impacts set the minimum requirements for the observation of environmental impacts. In addition to emissions, observations typically focus on waterbodies, fish stock, air quality and noise levels. Regular risk assessments and official inspections ensure the adequate scope of observations and performance of production units. Any deviations and related corrective actions are immediately reported to the authorities. In 2024, no environmental pollution causing significant damage and corrective action occurred at Metsä Group. Environmental permits and the best available techniques are also ways to consider stakeholders living in the vicinity of production units in pollution prevention. More information about stakeholder engagement is provided

under *S3 – Affected communities*. Production processes are developed in line with continuous improvement and targets. Environmental impact assessments are conducted in process change projects if required.

Except for sawmills and plywood and Kerto® LVL mills, all Metsä Group production units come under the scope of the EU's Industrial Emissions Directive and BAT conclusions. In addition, the main boilers of the paperboard and pulp mills' power plants come under the scope of the EU's Industrial Emissions Directive and the BAT conclusions concerning large combustion plants.

Emissions to air and water decreased from the previous year. This was largely due to the market situation and the resulting moderate operation rate of machines. Actions affecting emissions were implemented in 2024. These included:

- The development of the chemicals balance at the Äänekoski production unit, which will promote the reduction of salt emissions. In 2024, the related capital expenditure totalled EUR 184,000. No operating expenditure was recorded.
- The removal of the Joutseno production unit's tertiary basin, which will help prevent polluted waters entering nearby waterbodies. In 2024, the related capital expenditure totalled EUR 440,000. No operating expenditure was recorded.
- The renewal of the Punkaharju production unit's storm water system, which will help prevent polluted waters entering nearby waterbodies. In 2024, the related capital expenditure totalled EUR 650,000. No operating expenditure was recorded.

Taxonomy-aligned operating expenditure, capital expenditure and turnover are presented from page 41 onward. The disclosed capital cost differs from the Taxonomy disclosures, as only a small part of Metsä Group's business is taxonomy-eligible.

As a rule, investments are financed with equity, but the largest future investments may require external financing, and potential future financing needs are taken into account in the Green Finance Framework. Self-sufficiency is described in the report of Metsä Group's Board of Directors under Balance sheet and financing. The completion of the Mariestad tissue paper mill is an example of actions that will reduce emissions to water and air in the future. The mill's emissions level is very low thanks to the use of cutting-edge technology and technological solutions. Investments in advanced technology and technological solutions were also made at the Kemi bioproduct mill, but due to the gas explosion at the production unit, the targets for enhancing water and energy use set out in the Kemi board mill's development programme were not entirely achieved in 2024.

### Microplastics

Metsä Board's products do not contain microplastics, but some of the products used for industrial purposes at production units contain components classified as microplastics. For example, the Husum board mill has an extrusion coating line where especially food service boards are coated with polyethylene (PE). The waste material generated in coating is recovered and delivered to cooperation partners for reuse. In its packaging materials, Metsä Board uses plastic in addition to kraftliner to protect the ready paperboard products during storage and transport.

Metsä Board's products, produced mainly from renewable raw materials, already offer an alternative to plastic packaging and enable the reduction of microplastics. The products are described in greater detail under *E5 – Resource use and circular economy*.



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**Financial effects**

The Group's business areas have environmental liabilities related to former activities on industrial sites that have since been decommissioned, sold or leased, and from closed landfill sites. Financial provisions for the costs of land rehabilitation work have been made in cases where it has been possible to measure the Group's liability for land contamination and any post-treatment obligations. The provisions total EUR 9.3 million.

**Emissions to air**

t	2024	2023
Sulphur (SO <sub>2</sub> )	342	501
Nitrogen oxides (NO <sub>x</sub> )	6,213	5,935
Particles (PM2.5)	785	460
<b>kg</b>	<b>2024</b>	
Ammonia (NH <sub>3</sub> )	59,360	

The table only includes emissions from production units for which the production unit-specific threshold specified in Regulation (EC) No 166/2006, Annex II is exceeded. Figures for the base year are unavailable.

The pollution-related risks and opportunities identified in the materiality assessment are presented in the table on page 60. The likelihood of significant accidental discharges is low due to the control measures in use, and no material economic impacts such as compensation or depollution costs are known of or reasonably expected.

No significant environmental impacts, claims or compensation related to the pollution of air, water and soil were recorded in 2024, nor was any significant media visibility related to these topics seen. Environmental permit deviations are presented in the table on page 63.

**Emissions to water**

t	2024	2023
Nitrogen (N)	390	478
Adsorbable organic halogen (AOX)	327	385
Chemical oxygen demand (COD)	33,006	41,947
Biological oxygen demand (BOD)	1,086	1,460
Phosphorus (P)	38	44
Suspended solids	3,027	3,815

kg	2024
Arsenic (As)	47
Cadmium (Cd)	39
Chromium (Cr)	213
Copper (Cu)	1,276
Quicksilver (Hg)	4.0
Nickel (Ni)	363
Lead (Pb)	31
Zinc (Zn)	5,507

The table only includes emissions from production units for which the production unit-specific threshold specified in Regulation (EC) No 166/2006, Annex II is exceeded. Figures for the base year are unavailable.

**Environmental permit deviations at Metsä Group's mills**

Business area	Mill	Date of incident	Incident	Corrective actions
Metsä Board	Simpele	4/2024	Wastewater nitrogen emission exceeded the permit limit	More precise nutrient dosage during shutdown
Metsä Board	Kyro	6/2024	CO <sub>2</sub> emissions exceeded the daily permit limit	Complaint to fuel supplier
Metsä Board	Äänekoski	9/2024	Suspended solids reduction was below the permit limit	More precise process adjustment
Metsä Fibre	Kemi	1/2024	NO <sub>x</sub> concentration in bark boiler exceeded the permit limit	Optimisation of operating conditions
Metsä Fibre	Kemi	1/2024	SO <sub>2</sub> concentration in bark boiler exceeded the permit limit	Adjustment of nutrient dosage
Metsä Fibre	Kemi	3/2024	SO <sub>2</sub> concentration in bark boiler exceeded the permit limit	Adjustment of nutrient dosage
Metsä Fibre	Kemi	4/2024	SO <sub>2</sub> concentration in bark boiler exceeded the permit limit	Adjustment of nutrient dosage
Metsä Fibre	Rauma	4/2024	Particle concentration of lime kiln exceeded the permit limit	Adjustment of flue gas channel
Metsä Fibre	Kemi	6/2024	BOD concentration in wastewater exceeded the permit limit	Mill running after annual maintenance
Metsä Fibre	Kemi	6/2024	Treatment rate of mild odorous gases was below the permit limit	Mill running after annual maintenance
Metsä Fibre	Äänekoski	9/2024	NO <sub>x</sub> concentration in K1 bioboiler exceeded the permit limit	Boiler running after shutdown

**Reporting principles for metrics**

Emissions to water and air include the material emissions from Metsä Group's production units. Emissions are also reported to the authorities.

Water discharges are determined based on laboratory measurements. Emissions to water are calculated as a combination of waterflows and concentrations. Any wastewater discharges of third parties handled in the wastewater treatment plants are excluded from reporting. Emissions to air are determined based on continuous and/or one-off measurements. The final emissions are calculated as a combination of airflows and concentrations.

Emissions are allocated to internal and external inflows by first making an assumption, based on prior measurements, of the reduction in chemical oxygen demand (COD) for each inflow, and later adjusting them to correspond to the unit's actual COD reduction. Other emissions are allocated based on the flow. At integrated mills, the amount of COD is allocated to parties using the wastewater treatment plant based on the quality of COD.

Discharges fed through external (usually municipal) wastewater treatment plants are taken into account with the assumption of an 85% reduction in COD.

Measurements based on flow meters carry a margin of error. However, the flow meters are regularly calibrated, and the measurement results are also controlled by the supervisory authority.

Biological oxygen demand (BOD) and emissions of phosphorus and suspended solids are calculated based on the flow, using the following residual concentrations: BOD 10 mg/l, total phosphorus 0.5 mg/l and suspended solids 10 mg/l. Total nitrogen emissions are considered to be zero, as municipal wastewater contains excess nitrogen, and the reduction of BOD binds nitrogen to biomass, reducing the unit's total nitrogen emissions. A seven-day measuring period (BOD7) is used to determine BOD.

The metrics have not been validated by an external party.

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E3 – Water and marine resources

Impacts, risks and opportunities related to water and marine resources

Impacts	Risks and opportunities for Metsä Group	Management
<b>Water</b>		
↔ Water withdrawals: Most of Metsä Group's production units are in areas at low water risk and with large surface water reserves. Two tissue paper mills are in areas of high water stress. The water withdrawal of these two production units accounts for 1.0% of Metsä Group's total water withdrawals, and the production units' water withdrawal does not have a material impact on water sufficiency in the area. Metsä Group's operations are designed so they do not affect other parties' rights or opportunities to use water. The amounts of water withdrawals are presented in the <i>Water withdrawals and consumption and wastewater discharges</i> table.	↑ <b>Opportunity:</b> The location of nearly all production units in areas of low water risk supports the Group's competitiveness in a changing climate. Better resilience to climate-change-induced weather phenomena offers cost benefits. The Group's target of reducing process water use offers cost benefits, improves energy efficiency and helps minimise water risk. The reduced need for clean water and recycling of process water in production processes reduce the water load on natural waters and improve Metsä Group's reputation as a responsible operator.	<ul style="list-style-type: none"> <li>• Most of the mills are in areas at low water risk.</li> <li>• Process development and the adoption of new techniques reduces water use and increases water recycling in the production process, decreasing the need to withdraw more raw water.</li> <li>• The best available techniques are used and systematically incorporated into production. Environmental performance is monitored continuously. Actions related to water discharges are described in greater detail under <i>E2 – Pollution</i>.</li> </ul>
↔ Water consumption: The production process of pulp, paperboard and paper products requires a great deal of water. However, water consumption is low in relation to the volume of water used. Of all the water consumed, approximately 96% is returned to waterbodies after use, and the remaining 4% evaporates in the processes or is bound to the products.	↓ <b>Risk:</b> If the Group does not succeed in reducing its water use in line with the target, it will lose the cost benefits from reduced water use and fail to minimise water risks. Metsä Group's reputation as a sustainable operator will suffer.	
↓ Wastewater discharges: Metsä Group's production generates wastewater discharges. The cooling water returned to waterbodies may also have a local heating impact. The impacts, risks, opportunities and management methods related to water discharges are discussed under <i>E2 – Pollution</i> .		

- ↑ Positive impact on the environment and society or on Metsä Group's business
- ↓ Negative impact on the environment and society or on Metsä Group's business
- ↔ Neutral impact on the environment and society or on Metsä Group's business

Metsä Group's 2030 sustainability target

	2030 target	2024	2023	2022	2018
Reduction in process water use per produced tonne from the 2018 level	-35%	-11%	+0.2%	-6.7%	21 m <sup>3</sup> /t

Metsä Group's strategic 2030 sustainability targets, and their setting and monitoring, are discussed in greater detail under Sustainability governance and strategy and Material sustainability-related impacts, risks and opportunities. Metsä Group does not have separate targets for the two mills in areas of high water stress. The Group-wide target of reducing process water use by 35 % also applies to them. The Group's target concerning water resources is based on estimates of what can be achieved with the best available techniques (BAT). The use of the best available techniques is discussed under *E2 – Pollution*.

Progress in targets

- **Reduction in process water use per produced tonne from the 2018 level** – Water use efficiency measures and the moderate operating rate of machines due to the market situation improved the efficiency of process water use in 2024.

The identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to water and marine resources have been identified in a double materiality assessment based on the principles of the company's risk management process. The materiality assessment is described on pages 30–32.

Ensuring undisturbed and uninterrupted operations in all conditions is key in the risk assessment of production units. The assessment of production units' environmental risks is guided by the ISO 14001 and ISO 50001 management systems. The key identified risks are included in the company-level risk management process.

In accordance with the risk management process, the production units' impacts on water resources are assessed in connection with the environmental impact assessments of investment projects and during the environmental permit processes, for example. The need for environmental impact assessments is determined by the local EIA authority. Matters considered include water withdrawal, the thermal stress caused by the water returned or the impact of wastewater on waterbodies. The impacts are also assessed in connection with process development and environmental risk mapping. Several production units have waterbody monitoring obligations and commitments. These are often regionally comprehensive long-term programmes for monitoring the long-term consequences of operations. The pulp and paper industry requires a lot of water, but in relation to the volume of water used, Metsä Group's water consumption is very low.

Metsä Group's operations are designed so they do not affect other parties' rights or opportunities to use water. Production processes account for roughly a third of Metsä Group's water use, and cooling purposes for the rest. The cooling water circulates in a separate system and does not need to be treated. However, the cooling water returned to waterbodies has a local heating impact. Process water is carefully treated before it is returned into waterbodies.

Most of Metsä Group's production units are in areas at low water risk and with large surface water reserves. None of the production units is located in an area of high overall water risk (WRI Aqueduct Water Risk Atlas). Overall water risk indicates the risks related to all water resources, taking the volume and quality of water resources and regulation in the area into account.

However, the Kreuzau and Düren tissue paper mills use water from areas of high water stress. Water stress indicates the proportion of overall water need and renewable surface water and groundwater reserves in the area. Both production units withdraw water from the same river, the water quantity of which is managed by a local water association. As the minimum water quantity in the river is adequate for the area's industrial use, water sufficiency is not a material risk for Metsä Group, and the production units' water withdrawal does not cause material harm to the availability of water in the area.

The physical climate risks of each Metsä Group production unit were assessed in a climate risk analysis conducted in 2024. According to the assessment, none of Metsä Group's production units have material climate risks related to drought or floods.

The engagement of local communities in the production units' operations from an environmental perspective is discussed under *E2 – Pollution*.

Policies

The environmental policy lays the foundation for environmental targets. Resource efficiency is a key part of the policy, and in compliance with it, Metsä Group is committed to reducing its water use in line with sustainability targets.

No separate policies have been specified for Metsä Group's two production units in areas of high water stress. Instead, they follow the same policies and management systems as the rest, complying with their own environmental permits. In the environmental permits of production units, attention is paid to water resources and their adequacy. Separate policies have therefore not been deemed necessary. Metsä Group also does not have separate policies or practices related to seas and oceans, as the Group does not use sea water in its production process.

Environmental management and continued environmental performance are guided by the requirements of the production units' certified quality, environmental management and energy management systems, and the Principles of Environmental Management. The production units systematically conduct internal and external audits in accordance with the ISO 14001 and ISO 50001 standards.

Policies related to wastewater discharges are discussed under *E2 – Pollution*.

Actions

Metsä Group's water consumption is low in relation to the volume of water used. Of all the water consumed, approximately 96% is returned to waterbodies after use, and the remaining 4% evaporates in the processes or is bound to the products. Increasing the efficiency of water use supports the circular economy and energy efficiency and minimises emissions. Metsä Group's actions to reduce process water use in line with the 2030 sustainability target include investments in processes and wastewater treatment, as well as process development to use less water. The actions improve water recycling and reduce water withdrawal from waterbodies.

In addition to the Group-level target, all production units have regularly monitored targets for water use. Water use at Metsä Group's production units is presented in the tables in the Annexes starting on page 109. Due to the gas explosion at the Kemi bioproduct mill, the targets for enhancing water and energy use specified in the Kemi board mill's development programme were not fully met in 2024. Other actions to enhance water use were mainly carried out as changes to operating methods or as training for employees. For example, thanks to the increasingly efficient use of the wash press for removing water residues from pulp bleaching at the Äänekoski bioproduct mill, the volume of water was successfully reduced in pulp washing, which led to record-low process water use at the mill. Efficiency measures carried out in 2024 concerning water use also included the further development of the water treatment plant at the Punkaharju production unit. In 2024, the related capital expenditure totalled EUR 95,700.

During the next few years, future investments related to improving water use efficiency, and the timing of such investments, will be known to Metsä Group on an ongoing basis.

The impacts, risks and opportunities, as well as management methods related to wastewater discharges, are discussed under *E2 – Pollution*.

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As Metsä Group's production units are in areas at low water risk, no water-related expected economic impacts were identified in the materiality assessment or in the analysis of climate change-induced physical risks conducted as part of the materiality assessment. The production units' close proximity to abundant surface water reserves is an opportunity for the Group in the management of climate change-induced physical risks, for example. Increasing the efficiency of water use also affects energy efficiency, thus enabling cost savings.

Water withdrawals and consumption and wastewater discharges

1,000 m <sup>3</sup>	2024	2023
<b>WATER WITHDRAWALS</b>		
Surface water	343,581	365,100
Groundwater	710	870
Total water withdrawals	344,290	365,970

WATER WITHDRAWALS IN AREAS OF HIGH WATER STRESS

Surface water	3,470	3,397
Groundwater	0	0
Total water withdrawals in areas of water stress	3,470	3,397

WATER CONSUMPTION

Water consumption	13,788	13,907
Water consumption in areas of high water stress	139	129

WATER INTENSITY (water consumption m<sup>3</sup>/turnover)

Water intensity	0.002	0.002
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WASTEWATER

Wastewater discharges	110,994	118,958
Wastewater discharges in areas of high water stress	1,642	1,901

The turnover used in water intensity calculations can be found in the consolidated financial statements under Consolidated statement of comprehensive income. Turnover is reported in euros.

Reporting principles for metrics

Water withdrawals include the water withdrawn at Metsä Group's production units for the production and cooling.

Water consumption is an estimate of the amount of water that has evaporated in production and wastewater treatment and water bound in products and wastewater treatment sludge. The calculation is based on an estimate, which considers the matters mentioned above, as well as direct water withdrawal, the water contained in raw materials and the water returned to waterbodies.

Process water means the water moved from the product production process to wastewater treatment. Process water use per tonne produced is based on continuous measurements and is calculated from the process water used as cubic metres per tonne of product produced. Process water use is disclosed for paperboard, high-yield pulp, pulp and tissue paper mills. Plywood and Kerto® LVL mills and sawmills have been excluded from the calculation, as the production of pulp, paperboard, and tissue and greaseproof papers consumes considerably more water than that of wood products.

The figure for the reduction in process water use per produced tonne has been retrospectively revised for the comparison years. The figure for 2018 was revised from 21.6 m<sup>3</sup>/tonne to 21.4 m<sup>3</sup>/tonne, leading to the reduction in 2022 being revised from the previously reported -7.4% to -6.7%, and the reduction in 2023 from the previously reported -0.5% to +0.2%.

Wastewater is water returned to waterbodies after the wastewater treatment process. In addition to process water, the volume of treated wastewater includes the water from wastewater treatment, among other things.

At the paperboard, high-yield pulp, pulp and tissue paper mills, the flow of wastewater discharges is determined with continuous flow meters. The wastewater discharges disclosed for sawmills and Kerto® LVL and plywood mills is the volume of water use indicated by the mill and based on measurements. The measurement of wastewater load is described in more detail on page 65.

Measurements based on flow meters carry a margin of error. However, the flow meters are regularly calibrated, and the measurement results are also controlled by the supervisory authority.

The volume of stored water is not disclosed due to non-materiality: as a rule, water is not stored.

The metrics have not been validated by an external party.

E4 – Biodiversity and ecosystems

Material impacts, risks and opportunities related to biodiversity and ecosystems

Impacts	Risks and opportunities for Metsä Group	Management
<b>Direct impact drivers of biodiversity loss</b>		
↓ Climate change: Metsä Group's production generates greenhouse gases that cause global warming.	↓ The risks, opportunities and actions related to climate change are discussed under <i>E1 – Climate change</i> .	• The risks, opportunities and actions related to climate change are discussed under <i>E1 – Climate change</i> .
↔ The Group's biogenic carbon dioxide emissions are classified as carbon neutral.		
↓ Pollution: The emissions to water, air and soil from Metsä Group's production units can have a negative impact on species and ecosystems in the area.	↓ The risks, opportunities and actions related to pollution are discussed under <i>E2 – Pollution</i> .	• The risks, opportunities and actions related to pollution are discussed under <i>E2 – Pollution</i> .
↓ Wood supply causes nutrient, suspended solid, humus and metal load in small waters and waterbodies. This load results in the eutrophication or cloudiness of waterbodies.	↓ Metsä Group's reputation as a sustainable operator weakens especially among local communities.	• Water protection measures and actions in discharge areas are developed. • Continuous cover forestry is encouraged in suitable areas. • Fossil-based chain oils are replaced with bio-based alternatives. • PEFC and FSC forest certification systems are promoted.
↓ Land use changes: A new production unit takes up space from any natural environment originally on the site.	↓ Metsä Group's reputation as a sustainable operator weakens especially among local communities.	• Biodiversity plans for production units in accordance with regenerative land-use principles to ensure that the state of nature is improved in industrial environments.
↓ Direct exploitation: Metsä Group uses wood as its raw material. However, Metsä Group does not own forests. Instead, all the raw material is procured from forests whose owners decide how they are used. The impact of wood supply on biodiversity and ecosystems is described in this table, under <i>Impacts on the state of species and the extent and condition of ecosystem services</i> .	↓ Risks are discussed under Impacts on the state of species and the extent and condition of ecosystems.	• Management measures are discussed under Impacts on the state of species and the extent and condition of ecosystems.
<b>Impacts on the state of species and the extent and condition of ecosystems</b>		
↓ Commercial forest use reduces the amount of dead wood and changes forest structure, leading to changes in species and the state of ecosystems.	↓ <b>Risks:</b> • Regulation that emphasises the protection of forest nature to promote biodiversity restricts felling volumes or increases wood supply costs. • A complex regulatory environment sets conflicting requirements for the forest industry. • Ecological compensation may increase the protection of commercial forests, as industries exploiting non-renewable materials strive to compensate their negative impacts. Meanwhile, the use of non-renewable materials continues. • Consumers view forests as protected sites and reduce their consumption of wood-based products. • If the state of nature continues to weaken, the legitimacy of the forest industry, as well as the reputation of Metsä Group as a sustainable operator, will suffer.	• Metsä Group's Wood Supply has adopted the principles of regenerative forestry, which aim to measurably improve the state of nature by 2030. Examples of regenerative forestry actions: • The Metsä Group Plus service that compensates forest owners for the costs incurred from safeguarding nature values • Diversifying tree species in forests • Increasing the number of old trees • Diversifying and adding more decaying wood • Increasing the structural diversity of forest stands • Protecting valuable habitats • Forest certification can be used to demonstrate that the forest has been managed sustainably and responsibly. The international forest certification systems in use are PEFC and FSC. • Regulatory risks are managed through active dialogue with policymakers, discussed in greater detail under <i>G1 - Business conduct</i> .
↑ Metsä Group aims to measurably and verifiably strengthen the state of nature by 2030. If achieved, this will have a positive impact on the state of nature.	↑ <b>Opportunities:</b> • As a result of the improved state of nature and the comprehensive management of ecosystem services, or benefits obtained from nature, forests will be better able to adapt to climate change. • Metsä Group's compliance with the principles of regenerative forestry and success in strengthening the state of nature will improve Metsä Group's image as a sustainable operator.	
↓ The draining of peatland forests causes changes in habitats and can lead to biodiversity loss.	↓ <b>Risk:</b> Regulation that emphasises the special role of peatlands as large carbon reservoirs, sources of GHG emissions, and potential restoration and protection sites restricts felling volumes.	• In forestry, the goal in peatlands is to maintain the water economy and water quality of water ecosystems, as well as protect their species. New drainage is not created, and old drainage is improved only if necessary. Bog environments suitable for active restoration will be determined and selected on a case-by-case basis. Continuous cover forestry is proposed to forest owners on suitable sites, and additional bonuses for choosing it are paid through the Metsä Group Plus service.

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Impacts	Risks and opportunities for Metsä Group	Management
<b>Impacts on the state of species and the extent and condition of ecosystems</b>		
<p>↓ If valuable habitats or endangered species are not identified or taken into account in wood supply and forest management, there will be fewer forests offering special ecological value or fewer endangered species.</p>	<p>↓ <b>Risk:</b> If valuable habitats are not considered in felling practices, Metsä Group's reputation as a sustainable operator committed to regenerative forestry may be undermined.</p> <p>↓ <b>Risk:</b> The use of fresh fibre in products with a short life-cycle is associated with biodiversity loss, negatively affecting the reputation and market position of Metsä Group, as well as the price of its products and its employer image. A weakened reputation as a sustainable operator may negatively affect forest owners' interest in selling wood to Metsä Group.</p>	<ul style="list-style-type: none"> <li>Metsä Group procures wood only from commercial forests. Forest certification and controlled origin require the company to consider valuable nature sites in commercial forests. Metsä Group's nature site service helps focus the protection required by the FSC on the sites most valuable in terms of nature.</li> <li>The assessment of nature risks is part of the wood trade process. A geographic information system is used to take into account environmental data, such as registers of endangered species, and data about real estate, groundwater areas and waterbodies in planning and implementation.</li> </ul>
<p>↑ Biodiversity and the condition of waterbodies improve outside commercial forests.</p>	<p>↑ <b>Opportunity:</b> Metsä Group's reputation as a sustainable operator strengthens.</p>	<ul style="list-style-type: none"> <li>Metsä Group annually funds development projects with a regional impact that improve biodiversity and the condition of waterbodies and are implemented outside commercial forests in Finland.</li> </ul>
<p>↑ Metsä Group offers consumers products based on naturally occurring tree species.</p>	<p>↑ <b>Opportunity:</b> Regenerative forestry offers a competitive advantage over competitors who use foreign tree species in their products.</p>	<ul style="list-style-type: none"> <li>In line with the principles of regenerative forestry, spruce, pine, silver birch, downy birch and aspen – all species that spread to Finland after the last Ice Age – are grown as industrial trees.</li> </ul>
<p>↑ Metsä Group will draw up biodiversity plans for its production unit sites to increase the sites' biodiversity, taking special local features into account and combining local industrial history and nature solutions.</p>	<p>↑ <b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>Metsä Group's reputation as a sustainable operator strengthens.</li> <li>Metsä Group can more comprehensively monitor the environmental impact of its production units, with the built environment's biodiversity impacts included in monitoring.</li> <li>Cooperation with stakeholders and local residents develops in the localities of production units.</li> </ul>	<ul style="list-style-type: none"> <li>In 2023, Metsä Group launched a multi-year action plan for regenerative land use in which a biodiversity plan will be drawn up for each production unit. The project was launched as a pilot project at the production units in Kemi. The plan encompasses areas on the industrial site, as well as offsite land areas owned by the Group.</li> </ul>
<b>Impacts and dependencies on ecosystem services</b>		
<p>↓ Finnish forests produce a diverse range of tangible and intangible services, with a local, regional, national and international impact. Commercial forest use reduces the amount of dead wood and number of old trees and makes forest structure more one-sided, weakening the state of species and ecosystems.</p>	<p>↓ <b>Risk:</b> If the state of forest nature deteriorates, forests become more vulnerable to weather phenomena caused by climate change.</p> <p>↓ <b>Risk:</b> The development of ecological compensation models will lead to the increased protection of commercial forests.</p>	<ul style="list-style-type: none"> <li>The goal of regenerative forestry is to develop forestry so that nature's various benefits from carbon sinks to pollinators – that is, ecosystem services – can be measured, and that wood is produced as part of a developing production model with multiple targets and based on ecosystem services.</li> </ul>
<p>↑ Metsä Group aims to strengthen the state of nature measurably and verifiably by 2030.</p>	<p>↑ <b>Opportunity:</b> As a result of the improved state of nature and the comprehensive management of ecosystem services, or benefits obtained from nature, forests can adapt better to climate change. In addition to wood production, forests offer other ecosystem services such as pollinator services, picked products, clean water, recreational use and carbon sinks. As the principles of regenerative forestry become mainstreamed, the benefits from the approach will be fully considered in the sector and in social discussions.</p>	

- ↑ Positive impact on the environment and society or on Metsä Group's business
- ↓ Negative impact on the environment and society or on Metsä Group's business
- ↔ Neutral impact on the environment and society or on Metsä Group's business

## Metsä Group's 2030 sustainability targets

	2030 target	2024	2023	2022
Retention trees on regeneration felling sites, %	100	97	96	95
High biodiversity stumps on harvesting sites, %	100	98	92	90
Spruce as the only tree species after young stand management, %	0	26	25	27
Measures promoting biodiversity, number	10,000	6,586	816	-

Metsä Group's strategic 2030 sustainability targets, and their setting and monitoring, are discussed in greater detail under *Sustainability governance and strategy* and *Material sustainability-related impacts, risks and opportunities*. The targets play an important role in managing the impacts, risks and opportunities identified on pages 67–68.

The 2030 sustainability targets for wood supply are defined so that Metsä Group can essentially influence them with its own actions. The targets only apply to Finland, but international wood supply is considered in the calculation of the forest certification percentage.

The 2030 sustainability targets for wood supply are an operational element of regenerative forestry's overall target of strengthening the state of nature. The goal is to increase the capacity allocated to biodiversity maintenance in wood production areas. The actions' impact on the state of nature is measured as part of regenerative forestry.

The targets do not have a scientific basis, but they are aligned with the goals for curbing biodiversity loss stated by the UN, the EU and Finland. Forestry and nature management methods aligned with the targets are based on up-to-date research. The targets do not include external ecological compensation, and in the absence of suitable values, no ecological threshold values have been used in target setting to date. Metsä Group follows research on ecological threshold values and evaluates the values' usability in its operations.

With its 2030 targets related to biodiversity and ecosystems, Metsä Group mainly seeks to avoid and minimise harm. Forest management, support for forest biodiversity, and forest thinning make forests more vigorous and resilient against climate change-induced weather phenomena or insect damage, for example. Metsä Group also repairs and restores nature sites that have suffered from any damage. For example, management measures on sunlit slopes and in herb-rich forests support the restoration of biodiversity. The goal is to increase the number of species on sites allocated to production by diversifying tree species and adding decaying wood, for example.

## Progress in targets

- **Retention trees on regeneration felling sites** – In 2024, progress in the target was as planned.
- **High biodiversity stumps on harvesting sites** – In 2024, progress in the target was as planned.
- **Spruce as the only tree species after young stand management** – The progress made is insufficient for achieving the 2030 target. Metsä Group will provide more training to its employees and forest management entrepreneurs and enhance communication with forest owners.
- **Measures promoting biodiversity** – Progress in the target was better than expected. Most of the measures consist of Metsä Group Plus agreements, the number of which increased considerably during 2024.

## The identification and assessment of material impacts, risks and opportunities

The materiality assessment is described on pages 30–32. In the materiality assessment, nature impacts, risks and opportunities were assessed in terms of the company's own operations and the value chain. The key impacts and dependencies were found to be related to the wood raw material supply chain and the company's own production units. The assessment was conducted using the LEAP approach (locate, evaluate, assess and prepare). The assessment was based on data such as information about wood supply areas, certification statistics, valuable areas in the vicinity of production units, and a list of biomes and ecosystems that Metsä Group affects or on which its operations depend. For Metsä Group, wood production is a key ecosystem service, or a benefit offered by nature. Other benefits include pollinator services, picked products, clean water, recreational use and carbon sinks, all of which are important for business resilience. In the risk analysis, attention was paid

to transition and systemic risks and physical risks. The impacts of climate change on ecosystem services is assessed under *E1 – Climate change*.

Habitats valuable to biodiversity are found in the vicinity of Metsä Group's production units. These areas have been identified within a radius of 10 kilometres of each production unit. The potential impacts of pulp mills are not expected to reach farther than this. However, the potential environmental impacts of sawmills, for example, are limited to an area much smaller than this. Areas valuable to biodiversity encompass Natura 2000 sites, state nature reserves, private nature reserves, areas included in nature conservation programmes and key biodiversity areas. For some production units, mild impacts on these areas have been identified, and they are listed in the table on page 70. The measures for managing and reducing impacts are discussed under *E2 – Pollution*.

## Risk management as part of Wood Supply and Forest Services operations

Metsä Group does not own forest important for its wood supply. In Finland, most of the wood is acquired from Metsäliitto Cooperative's owner-members, who together own around half of Finnish private forests and 32% of all the forests in Finland. In Sweden, wood is mainly procured from Norra Skog's owner-members, who own around 10% of Sweden's productive forest land. The certified ISO 14001 environmental management system used in Metsä Group's wood supply guides operations towards environmental targets and supports risk management as part of daily operational work.

The assessment of nature risks is part of the wood trade process. The authorities are informed about harvesting plans with forest use declarations, and the authorities notify the company if any legislative requirements must be considered when carrying out harvesting. In addition to legislation, the requirements of forest certification systems are followed when planning and implementing harvesting. Metsä Group has comprehensive, continuously maintained geospatial dataset that is used in wood trade offers and deals and in planning and implementing harvesting. The geographic information system enables the identification of sites at risk and geospatial analyses. The geographic information system is also used to update environmental data, such as registers of endangered species, and data about real estate, groundwater areas and waterbodies, in real time for use in work guidance.

Regulatory impacts on forest use are one of the identified risks in Metsä Group's wood supply. Regulatory risks are identified and assessed in accordance with Metsä Group's standardised risk management process, and they are regularly assessed. Risks are identified, assessed and managed in cooperation with Metsä Group's Wood Supply and Corporate Affairs.

## Risk management as part of investments and production units' operational activities

Metsä Group's production units may have negative impacts on the production unit sites' biodiversity and ecosystems due to the units' emissions and land use. The environmental impacts of production units are identified and assessed in the environmental permit process. The need for environmental impact assessments is ultimately determined by the local EIA authority. The impacts on conservation areas and Natura sites are considered in the assessment. If required, a Natura assessment is carried out in accordance with the specified procedure, and in large projects, a separate environmental impact assessment preceding the

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environment permit process is also carried out. After any environmental impact assessment, the production units operate in accordance with their environmental permit and the Group’s operational management system. The methods for identifying and managing the impacts of pollution are discussed under *E2 – Pollution*.

**Stakeholder engagement**

The results of the operating model for stakeholder engagement are considered in the sustainability materiality assessment and identification

of biodiversity risks. The engagement of stakeholders in wood supply is discussed under *Policies*. The engagement of local communities in the production units’ operations from an environmental perspective is discussed under *E2 – Pollution*. A general description of the operating model for stakeholder engagement, as well as processes for managing stakeholder engagement, can be found under *S3 – Affected communities*. Stakeholders have been widely and actively engaged in the resilience analysis through regenerative initiatives such as regenerative forestry and land use.

**Areas valuable to biodiversity in the vicinity of Metsä Group’s production units**

Business area	Production unit	Total surface area owned	Name of area valuable to biodiversity	Protection type of area valuable to biodiversity	Distance from Metsä Group’s production unit	Metsä Group’s impact on the area
Metsä Board Metsä Fibre	Kemi	1,787 ha	Perämeri National Park, Kallinkangas, Kalliojätkä herb-rich forest, Kirvesaapa	Natura 2000 sites (the National Park is also a state nature reserve)	6–10 km	Mild indirect combination impacts from eutrophication on the Perämeri National Park. The ecological state of surface waters in the area is satisfactory. No direct impacts on buffer zones and thus on the protected habitats or species.
Metsä Board	Kaskinen	180 ha	Närpes archipelago, Kristiinankaupunki archipelago, Bredmossmyran nature reserve	Natura 2000 sites (and several areas in the Närpes archipelago included in nature conservation programmes)	2–10 km	Mild indirect combined impacts from eutrophication on the Närpes and Kristiinankaupunki archipelagos 2–5 km from the production unit. The ecological state of surface waters in the area is satisfactory. No impacts on the habitat types or species forming the basis for Natura protection.
Metsä Tissue	Mariestad	80 ha	Sandviken, Karleby and Tidans Kvilar conservation areas	State nature reserves	0–2 km	No impact during normal production. The Tidån river flows through the site. In the new mill construction project, the environmental permit specifies the risk management practices during construction. No impact on endangered species.

**Transition plan and consideration of biodiversity and ecosystems in the strategy and business model**

The resilience of the strategy and business model has been assessed by identifying material risks related to biodiversity and ecosystems, and by assessing how effective Metsä Group’s long-term actions aligned with the regenerative forestry and land-use principles are in managing the risks in question. The material risks and their management are presented in the table on pages 67–68. Key uncertainty factors identified in the resilience analysis include the weak predictability of EU legislation and the climate change adaptation of complex natural ecosystems, which are discussed in greater detail under *E1 – Climate change*. The implementation of the materiality assessment and the periods used in it are described on pages 30–32.

Resilience has been assessed in the company’s own operations and in the value chain. The key risks related to biodiversity and ecosystems concern the wood supply chain. Metsä Group will specify the resilience analysis in 2025, especially regarding the rest of the value chain. The assessment of business risks fundamental in the resilience analysis is based on the climate scenarios also used in the climate risk analysis and on the scenarios in the wood processing industry’s biodiversity roadmap.

The goal of a comprehensive identification and management of ecosystem services is to prepare for both transition and systemic risks and physical risks. The key risks are related to forest use regulation and climate

change-induced physical risks, among other things. Increasing biodiversity plays an important role in forests’ climate change adaptation.

The goal of regenerative forestry is to develop forest management so that the various ecosystem services can be measured and wood is produced as part of a production model based on ecosystem services. The key identified factors strengthening Metsä Group’s business resilience are:

- A production model based on native tree species, which is an important part of business resilience in terms of ecosystems, biodiversity and climate change.
- Increasing the value of the forest assets of Metsäliitto Cooperative’s owner-members and transferring forests in a stronger state from one generation to the next are key elements of the strategy and owner strategy.
- The aspiration towards more comprehensive identification and safeguarding of ecosystem services also at the national level.
- With its target of strengthening the state of nature, Metsä Group contributes to international, EU and Finland biodiversity targets by providing an example from the private sector.
- The regenerating communities that emerge from dialogue, cooperation and partnerships support the overall target of regenerative forestry and land use.

The impact of climate change on the state of forests and the role played by actions improving the state of nature in climate change adaptation are discussed under *E1 – Climate change*.

**Policies**

The environmental policy lays the foundation for environmental targets. The environmental policy includes a commitment to procuring wood raw material from sustainably managed forests, paying attention to economic, social and environmental matters in forest management and wood supply, preventing pollution and continuously developing production processes using the best available methods and technologies.

**Wood supply and forest management services**

Metsä Group adopted its regenerative forestry principles in 2023 as a continuation of the Group’s ecological sustainability programme for safeguarding biodiversity. Regenerative forestry aims for a set of measures that lead to the state of nature verifiably strengthening in Metsä Group’s wood supply and forest services across Finland. The wood supply strategy is based on wood production that does not involve land-use change, and in which the amount of native species is very high despite production. The regenerative forestry programme was approved by the Group’s Board of Directors, and it was presented to all owner-members.

Forest certification can be used to demonstrate that the forest has been managed sustainably and responsibly, promoting the implementation of regenerative forestry principles. Forest certification has two key elements: sustainable forest management and the wood supply chain. The international forest certification systems in use at Metsä Group are PEFC and FSC.

Metsä Group’s principles for forest use and management are publicly available. All the wood is procured from either certified forests or forests that meet the requirements of controlled origin (PEFC Controlled Sources, FSC Controlled Wood). Certification systems pay comprehensive attention to biodiversity in forestry. Certification systems help recognise and restrict measures harming biodiversity by defining sites that must always be saved and excluded from operations, for example.

Metsä Group’s wood supply does not cause deforestation. All the countries from which the company procures wood have issued legislation requiring forests to be renewed after harvesting. Metsä Group procures wood mainly from Finland, Sweden and the Baltic countries. A breakdown of wood supply by country is presented in the table on page 104. Metsä Group requires all its partners to comply with legislation, and operations adhere to the European Timber Regulation (EUTR), US Lacey Act and UK Timber Regulation (UKTR). In 2024, Metsä Group updated its due diligence system to comply with the requirements of the EU’s Deforestation Regulation(EUDR). Wood supply is described in greater detail under *G1 – Business conduct*.

Metsä Group’s Wood Supply also considers the impacts of its operations on its key stakeholders, including forest owners, mill locations and their residents, nature, and people who earn their livelihood from nature, such as indigenous peoples (the Sámi), as well as other parties interested in the environment, such as NGOs. In the home region of the Sámi, Metsä Group engages in local dialogue about the coordination of reindeer husbandry and forestry with key stakeholders such as forest owners and reindeer owners’ associations. Communication with the Sámi is typically related to practical questions. Reindeer owners’ associations in the home region of the Sámi have been identified as a local community to be engaged with.

**Production units**

Environmental management and the maintenance of environmental performance are guided by the requirements of the production units’ certified quality, environmental management and energy management systems as well as the principles of environmental management. The production units systematically conduct internal and external audits in accordance with the ISO 14001 and ISO 50001 standards.

Metsä Group has set as its target to strengthen the state of nature in its operations by 2030, including on the sites of its production units. Metsä Group’s regenerative land use principles guide the achievement of the targets in industrial environments. The goal is to make the improvement of biodiversity on production unit sites part of the production units’ operations and reporting. The production units’ biodiversity roadmaps are discussed under *Actions*.

Policies related to water use and water discharges are described under *E2 – Pollution* and *E3 – Water and marine resources*. The engagement of local communities in the production units’ operations from an environmental perspective is discussed under *E2 – Pollution*.

**Actions**

Actions related to climate change mitigation and adaptation, as well as pollution, are discussed under *E1 – Climate change* and *E2 – Pollution*.

**Wood supply and forest management services**

Wood raw material is used as efficiently as possible, ensuring high added value and minimising the forest area needed for harvesting. The utilisation of side streams is described in greater detail under *E5 – Resource use and circular economy*.

The targets of regenerative forestry are discussed under *Policies*. In the regenerative forestry programme, monitoring systems are developed jointly with stakeholders so the impacts of operations on the state of nature can be measured and disclosed.

Forest and nature management and the harvesting methods used are based on recent research, and Metsä Group cooperates actively with a diverse research community. Some of the key biodiversity-promoting measures that follow the principles of regenerative forestry include the following:

- Wood is procured only from certified forests or sources of controlled origin. Metsä Group actively participates in the development of global PEFC and FSC forest management standards. Owner-members are offered the opportunity to certify their forests under the PEFC and FSC systems, and a higher price is paid for certified wood.
- For industrial use, Metsä Group only procures tree species naturally occurring in the area, that is, spruce, pine, silver birch, downy birch and aspen. In their natural range and suitable growth sites, trees live in interaction with other species.
- Mixed forests increase forest biodiversity and forest resilience against storm and insect damage, for example. Metsä Group offers forest owners a forest regeneration service in which both spruce and pine are planted in the same area. Broad-leaved trees, such as birch, which spreads to stands naturally, must also be retained in forests.
- Decaying wood is increased by retaining dead trees, leaving retention trees preferably in groups, and making high biodiversity stumps during thinning and regeneration felling.

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- Nature management measures in herb-rich forests and voluntary protection of the best sites are recommended for forest owners. Nature management measures are thus focused on places where they have the greatest impact on biodiversity. Protective thickets are left for animals at all stages of forest management.
- Metsä Group’s nature site service helps focus the protection required by FSC on the sites most valuable in terms of nature.
- Buffer zones along waterbodies promote biodiversity and prevent the runoff of soil and nutrients. A buffer zone is a strip along the waterbody where forest management measures are performed more lightly or omitted completely.
- Continuous cover forestry is chosen on sites for which it is suited.

A very tangible example of the practical implementation of regenerative forestry measures is the Metsä Group Plus service, which is a forest management model designed for Metsäliitto Cooperative’s owner-members. In the model, measures that safeguard and improve the state of forest nature more comprehensively than current standard practices are agreed in connection with wood trade and orders for young stand management. Under the model, more retention trees are left and more high biodiversity stumps are made per hectare during felling. To accelerate the creation of decaying wood and to secure the living conditions of species that inhabit burnt environments, more retention trees will be burned. In valuable habitats and littoral forests, the service represents the highest level of requirements currently in use. Metsä Group pays a bonus per hectare for Metsä Group Plus wood to compensate any loss of wood trade income caused by the additional measures. The service was introduced in 2023, and in 2024, 21% of wood trade, by number, took place under the Metsä Group Plus agreement. The costs from the service are not disclosed, as they are sensitive data.

Metsä Group has actively participated in drawing up a biodiversity roadmap for the wood processing industry in cooperation with other operators. As part of the roadmap work, a harmonised and standardised monitoring system is being developed for measuring and monitoring the impacts on biodiversity. In 2024, Natural Resources Institute Finland drew up calculations on the state of forest nature and its development concerning Metsä Group’s own wood supply area in Finland. Moreover, model scenarios were made of the impacts that the Metsä Group Plus service has on biodiversity.

Metsä Group has identified the key legislative initiatives that may affect forest use or the production of the forest industry’s products. Regulatory risks are managed by actively engaging in policy dialogue and targeting key messages based on the identified regulatory risks. Advocacy is discussed under *G1 – Business conduct*. Regenerative forestry makes business more resilient to impacts related to legislation, the markets and climate change. It also helps implement a goal-oriented action programme to decouple the weakening of natural capital and economic growth.

In the planning and implementation of wood supply and forest services, and in forest certification, attention is also paid to safeguarding the rights of indigenous peoples in the Sámi home region and its vicinity. Metsä Group requires wood suppliers to consider the Sámi culture and reindeer herding in their forestry measures through agreements and their own

assurance. Wood suppliers are also audited regularly. The attention paid to local communities and indigenous peoples in forestry is discussed in more detail under *S3 – Affected communities*. Indigenous peoples are heard as part of the continuous stakeholder interaction process, which is reported to the management every six months. In 2024, representatives of indigenous peoples were engaged in the human rights process, and their views were considered in the impact assessment results and the specification of development actions.

**Production unit locations**

Biodiversity plans will be drawn up for the production unit sites owned by the Group and the surrounding land areas in the Group’s ownership. The action plan was launched in Kemi, which will serve as the pilot site for the entire project. In 2025, a comprehensive plan for implementing biodiversity plans at production units will be prepared. The implementation of biodiversity plans will take one to five years depending on the production unit, after which the maintenance of the production unit sites and the surrounding land areas will be integrated with environmental management at the production units. The planning areas encompass the mill site and its safety areas, which are often in recreational use. The special features of local nature will be taken into account in the action plan, and the living conditions of endangered species will be improved. The work carried out with an expanding cooperation network aims for internationally approved planning principles that will help improve the state of nature in the built and industrial environments independent of the sector. In 2024, approximately EUR 260,000 was spent on biodiversity plans and actions. The costs include purchases from third parties that can be directly allocated to the project. For example, they do not include internal payroll costs. The amounts spent by Metsä Group on pollution prevention actions are disclosed under *E2 – Pollution*. The amount used for actions related to biodiversity and ecosystems differs from the Taxonomy disclosures, as only a small part of Metsä Group’s business is taxonomy-eligible. Actions related to emissions to air and water discharges are discussed under *E2 – Pollution*.

**Funding programme for nature projects**

Metsä Group’s funding programme for nature projects annually funds regionally effective development projects that are carried out outside commercial forests in Finland and improve biodiversity and the state of waterbodies. The funding programme is detached from Metsä Group’s own impacts and value chains. Projects are selected for the funding programme once a year. In 2024, a total of 26 projects related to the management and restoration of Finnish biodiversity were selected for funding. They focused on the following areas:

- Wetlands and aquatic bird habitats
- The restoration of watercourses and migratory fish
- Alien species
- Pollinators
- The state of waterbodies
- Traditional landscapes

The funding for these projects totalled EUR 600,000.

**Impacts and dependencies on ecosystem services**

For Metsä Group as a forest company, wood production is one of nature’s key ecosystem services. If the state of forest nature deteriorates, forests become more vulnerable to climate change-induced weather phenomena and alien species. Forests’ climate resilience will increase as a result of the comprehensive management of ecosystem services, or benefits obtained from nature, and regenerative forestry that improves the state of nature. The goal of Metsä Group’s forest management services is to safeguard locally, nationally and internationally significant ecosystem services. Forest owner-members have greater opportunities to create added value for their forest assets the more diverse the assets are when transferred from one generation to the next.

The key resources for actions related to biodiversity and ecosystems include the employees, development activities, system development and – indirectly – the machinery used in forestry work. The key resource for forestry measures is a comprehensive geographic information system of forests in the operating area.

To remedy any environmental deviations, Metsä Group will introduce a voluntary nature compensation as part of regenerative forestry, which will overcompensate the harm to nature resulting from any legal violations. The compensation model is being developed, and it will be applied to detected deviations retroactively from 2023. The compensation model is described in more detail under *S3 – Affected communities*.

**Impact metrics related to changes in biodiversity and ecosystems**

The 2030 targets providing a measure of the actions are described under Targets. Emissions to air and water discharges are discussed under *E2 – Pollution*. Metrics of the state of forest nature, their reliability and a harmonised monitoring system are developed as a collaborative industry effort and to achieve Metsä Group’s own targets. Further information can be found under *Actions*.

**Financial effects**

The risks related to biodiversity and ecosystems are presented in the table on pages 67–68. As Metsä Group does not own forest important for its wood supply, the risks related to biodiversity and ecosystems do not affect it assets. If the risks were to be realised, they would affect Metsä Group’s business areas in the long term through the availability and cost of wood raw material.

**Reporting principles for metrics**

The calculation of high biodiversity stumps left on harvesting sites covers the direct standing sales carried out by Metsä Group’s Wood Supply and Forest Services. The harvesting sites include intermediate and regeneration felling sites. The calculation of retention trees left on regeneration felling sites covers the direct standing sales carried out. Forest certification criteria set minimum requirements for the number of retention trees. The calculation is based on the number of regeneration felling sites. Stands containing only spruce after young stand management include the young stand management work carried out. The calculation takes into account spruce-dominated sites where spruce accounts for more than 50% of the remaining trees. Spruce is considered to be the only tree species if other species account for less than 10% on the site.

The number of measures promoting biodiversity is calculated based on the measures carried out in owner-members’ forests. The measures that are currently monitored include nature management measures in herb-rich forests, burned retention trees, Metsä Group’s nature site service and the number of Metsä Group Plus agreements.

Metsä Group develops metrics for the state of forest nature, their reliability and a harmonised monitoring system. The development of metrics is described in more detail under Actions.

The metrics have not been validated by an external party.

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E5 – Resource use and circular economy

Material impacts, risks and opportunities related to resource use and the circular economy

Impacts	Risks and opportunities for Metsä Group	Management
<b>Resource inflows, including resource use</b>		
<p>↑ Thanks to regenerative forestry, the primary renewable resources used by Metsä Group can be obtained in accordance with circular economy principles. They are a more sustainable alternative to fossil-based primary raw materials, which cannot be obtained in compliance with the circular economy.</p> <p>The impact of wood raw material on the carbon balance of forests and forest biodiversity, as well as the related risks and opportunities, are presented under <i>E1 – Climate change</i> and <i>E4 – Biodiversity and ecosystems</i>. The impacts, risks and opportunities of water and energy consumption are described under <i>E1 – Climate change</i> and <i>E3 – Water and marine resources</i>.</p> <p>The impacts, risks and opportunities related to wood-based energy are described under <i>E1 – Climate change</i>.</p>	<p>↑ <b>Opportunity:</b> Legislation that recognises the climate and other benefits of fossil-free raw materials in the production of materials and sets requirements for replacing primary fossil-based raw materials with more sustainable alternatives.</p> <p>↑ <b>Opportunity:</b> The full use of the main raw material, renewable wood. Innovations and the development of the production process can increase the added value of wood raw material and diversify the product portfolio.</p> <p>↓ <b>Risk:</b> Legislation that requires the use of recycled material in bio-based products and does not recognise the circular economy benefits offered by fresh fibres and other bio-based raw materials. Because the current business strategy focuses on fresh fibre products and mechanical wood products based on primary raw material, this would probably have a negative impact on business. Adapting to a changed operating environment would require new investments, among other things.</p> <p>The impacts, risks and opportunities related to wood-based energy are described under <i>E1 – Climate change</i>.</p>	<ul style="list-style-type: none"> <li>• Wood raw material is utilised entirely.</li> <li>• Metsä Group develops industrial symbioses with other business areas creating resource use synergies.</li> <li>• R&amp;D for using side streams to develop fossil-free alternatives and make products more lightweight.</li> <li>• The continuous improvement of production processes and new mill investments further improve resource efficiency.</li> <li>• Commitment to regenerative forestry principles, the continuous development of forest management services and other active cooperation with the cooperative's owner-members. The actions are described in greater detail under <i>E1 – Climate change</i> and <i>E4 – Biodiversity and ecosystems</i>.</li> <li>• Attention is also paid to the resource efficiency of other materials and energy use. Actions to reduce water use are described in greater detail under <i>E3 – Water and marine resources</i>, and actions to improve energy efficiency are described under <i>E1 – Climate change</i>.</li> </ul> <p>The management of impacts, risks and opportunities related to wood-based energy are discussed under <i>E1 – Climate change</i>.</p>
<b>Resource outflows related to products and services</b>		
<p>↑ Metsä Group's products offer customers and consumers the opportunity to use recyclable products and an alternative to products made from fossil-based raw materials. In addition, wood products used in construction offer long-term storage of bio-based carbon, which has a positive climate impact.</p>	<p>↑ <b>Opportunity:</b> Legislation that favours recyclable products made from renewable resources by the forest industry instead of packaging made from materials such as fossil-based plastic offers growth opportunities.</p> <p>↓ <b>Risk:</b> Legislation that favours reusable packaging or other reusable products instead of recyclable disposable products can reduce the demand for Metsä Group's products. If the chemical recycling of plastics is implemented at an industrial scale, the use of plastics may become more acceptable, and there will be less need to replace plastics.</p> <p>↑ <b>Opportunity:</b> Any new recyclable products emerging from innovation activities could expand Metsä Group's product portfolio.</p>	<ul style="list-style-type: none"> <li>• R&amp;D and services increase the recyclability of products and reduce their environmental footprint.</li> <li>• Cooperation with customers and other value-chain operators is active.</li> <li>• Active engagement in social dialogue. Metsä Group's influencing and lobbying are discussed under <i>G1 – Business conduct</i>.</li> </ul>
<b>Waste and side streams</b>		
<p>↑ Metsä Group's production side streams are converted into new products. Metsä Group has developed concepts based on partnership such as the bioproduct mill based on industrial symbiosis and innovation company Metsä Spring's cooperation with start-up companies, which enhances the use of industrial side streams.</p> <p>↓ Metsä Group's production currently generates small volumes of landfill waste that causes emissions to air, water and soil. Nearly all production side streams are utilised as materials or energy. Landfill waste in the reporting year is presented in the table on Waste use and disposal. The 2030 target is 0 tonnes of process waste delivered to landfills.</p>	<p>↑ <b>Opportunity:</b> The utilisation of side streams offers economic benefit. Making full use of the forest industry's side streams strengthens the industry's acceptability and secures future operations.</p> <p>↓ <b>Risk:</b> If a purpose is not found for all side streams, the appreciation of forest industry operations will weaken, and no economic benefit will be obtained from side streams.</p> <p>↓ <b>Risk:</b> Legislation that leads to a decline in the use of forest industry side streams for bioenergy generation erodes the appreciation of forest industry operations.</p>	<ul style="list-style-type: none"> <li>• Metsä Group aims to use all its wood raw material.</li> <li>• New applications are jointly sought for production side streams with partners. New wood construction solutions are developed jointly with customers.</li> <li>• Industrial symbioses are developed so that the complex of companies offers synergies in resource use.</li> <li>• Metsä Group promotes industrial symbioses and invests in cleaner process technology.</li> <li>• Metsä Group optimises the use of wood-based side streams as material and energy. The long-term goal is to increase the use of side streams as material – for example, a demo plant is under construction for lignin recovery – and one of the five strategic R&amp;D programmes aims to develop new commercialised products from industrial side streams.</li> <li>• Metsä Group has invested in four growth companies that develop new products from side streams currently utilised as energy. Currently, the utilisation of wood-based side streams as energy plays an important role in long-term plans and in securing the availability of bioenergy.</li> </ul>

↑ Positive impact on the environment and society or on Metsä Group's business  
↓ Negative impact on the environment and society or on Metsä Group's business

Metsä Group's 2030 sustainability target

	2030 target	2024	2023	2022
Process waste delivered to landfills, t	0	14,696	16,207	29,656

Metsä Group's 2030 sustainability targets, and their setting and monitoring, are discussed in greater detail under *Sustainability governance and strategy* and *Material sustainability-related impacts, risks and opportunities*. The target of 0 tonnes of process waste delivered to landfill, presented under section E5, concerns resource outflows. The target is based on Metsä Group's intention to steer all production side streams for reuse, thus eliminating all landfill waste. The target will be achieved by identifying a purpose for all process waste. In the waste hierarchy, this is categorised as waste recovery. Because the target's achievement requires all side streams to be utilised, it indirectly contributes to a product design based on the circular economy. The utilisation of side streams is discussed in more detail under *Waste and side streams*. The target is therefore indirectly related to increasing the utilisation rate of recycled materials through the use of side streams but not to the sustainable procurement and use of resources, or to the minimising of primary raw materials. Target setting complies with legislative guidance, and the target is based on the EU's Waste Directive and the targets it sets. Comprehensive system-level metrics for the circular economy are under development internationally. Metsä Group follows the development of metrics and participates in testing and development work.

The targets related to water and energy use are discussed under *E1 – Climate change* and *E3 – Water and marine resources*.

Progress in targets

- **Process waste to landfills** – In 2024, the volume of landfill waste decreased from the previous year, while the utilisation rate remained at the same level as in 2023. Production curtailments have affected the volume of process waste.

The identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to resource use and the circular economy have been identified in a double materiality assessment based on the principles of the company's risk management process. The materiality assessment is described on pages 30–32. The impacts, risks and opportunities related to Metsä Group's resource use and the circular economy have been assessed across the value chain. They are related to the procured materials, resource efficiency and side streams of the Group's own production units, and product upgrading and end use. In the assessment, attention was paid to various raw materials, production units, side streams, and product groups and packaging materials.

Ensuring undisturbed and uninterrupted operations in all conditions is key in the risk assessment of production units. The assessment process of production units' environmental risks is guided by the ISO 14001 and ISO 50001 management systems. The key identified risks are included in the company-level risk management process.

The production units' resource efficiency and waste management are considered in the environmental impact assessments of investment projects and during the environmental permit processes. The need for environmental impact assessments is determined by the local EIA authority.

After any environmental impact assessment, the production units operate in accordance with their environmental permit and the company's operational management system. The mills' waste management is also regulated by the conditions in the environmental permits. Some mills have their own waste management area, subject to an environmental permit, the environmental impacts of which are monitored and managed in accordance with the permit conditions. Risks related to waste management are assessed as part of regular risk assessments.

The engagement of local communities in the production units' operations from an environmental perspective is discussed under *E2 – Pollution*.

Policies

In its Environmental policy, Metsä Group is committed to efficiently using raw materials, water and energy, and continuously developing operations. The side streams generated in production processes are used primarily as raw material or energy. Metsä Group takes advantage of synergies between its production units and develops industrial cycles and the recyclability of products. Metsä Group's environmental policy is followed worldwide by all Metsä Group companies and legal units, and the impacts of the Group's operations have been identified across the value chain. Metsä Group's policies concerning resource use and the circular economy are linked to themes important to the Group's stakeholders. Regarding stakeholder engagement in policy drafting, Metsä Group collects stakeholder feedback twice a year and uses it in its double materiality assessment and in setting its 2030 sustainability targets based on the materiality assessment. Metsä Group's stakeholder cooperation is discussed in more detail under *Interests and views of stakeholders*.

Environmental management and continued environmental performance are guided by the requirements of the production units' certified quality, environmental management and energy management systems. The production units systematically conduct internal and external audits in accordance with the ISO 14001 and ISO 50001 standards.

The Group's operations follow circular economy principles, safeguarding nature's capacity for renewal, minimising waste and emissions, and keeping natural resources used by society in use for as long as possible and as valuable as possible.

As it is impossible to completely recycle and reuse materials, maintaining the material cycle also requires the addition of primary raw materials to the cycle. Fresh fibre plays a very important role in the well-functioning recycling of fibre-based packaging, for example. Primary renewable

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resources can be obtained in line with circular economy principles from regenerative forestry, for example. Metsä Group’s wood supply is based on regenerative forestry, which is discussed under *E1 – Climate change* and *E4 – Biodiversity and ecosystems*.

**Actions**

Metsä Group’s key continuous strategic actions related to resource use and the circular economy are the following:

- At the Group level, committing to regenerative forestry principles and promoting regenerative land use in production unit areas. This action improves the state of forest nature and helps strengthen biodiversity in the built environment. Further information is available under *E1 – Climate change* and *E4 – Biodiversity and ecosystems*.
- Reducing water use by developing production processes and introducing new technologies in the paperboard and tissue paper businesses, as well as in wood supply and forest services. Further information is available under *E3 – Water and marine resources*.
- Transitioning to completely fossil-free energy in production to reduce fossil-based GHG emissions in the wood product, paperboard and tissue paper businesses, and in wood supply and forest services. Further information is available under *E1 – Climate change*.
- Improving energy efficiency by enhancing power, heat and fuel use in the wood product, paperboard and tissue paper businesses, as well as in wood supply and forest services. Further information is available under *E1 – Climate change*.
- Transitioning to completely fossil-free raw materials and packaging materials in the wood product, paperboard and tissue paper businesses, as well as in wood supply and forest services by the end of 2030. This will enable Metsä Group to transition from a fossil-based economy to a circular bioeconomy in its use of chemicals and materials. Further information is available under *E1 – Climate change*.
- Reducing the environmental impacts of packaging in the paperboard business and innovation company through product development and by offering customers services in areas like sustainability and packaging design to reduce environmental impacts across the life-cycle of packaging. Further information is available in the Board of Director’s report under Research and development.
- Promoting recycling by participating in international initiatives across the Group. This contributes to a stronger European and global circular economy and to Metsä Group’s products remaining in use longer. Examples of such initiatives include the national green deal commitment and membership in the Ellen MacArthur Foundation since 2022, the aim of which is to create a network promoting the circular economy. Further information is available under *G1 – Political influence and lobbying activities*.
- In the wood product and paperboard businesses, wood supply and forest services, and the innovation company, developing new purposes for production side streams jointly with partners to make wood use more resource-efficient and reduce the products’ environmental impact per product produced.

**Resource inflows, including resource use**

Raw materials are used efficiently to avoid waste in production. The main raw material, renewable wood, is used fully. The most valuable part of the tree, log wood, is used for Kerto LVL, plywood and sawn timber. Thinner

tree parts and the thin trees obtained from thinning are used as the main raw material at pulp and paperboard mills, while branches and logging residue are used to produce renewable energy. The utilisation of side streams is discussed under Waste and side streams.

Metsä Group promotes the circular economy by strengthening industrial symbioses and investing in cleaner process technology. Metsä Fibre’s Äänekoski bioproduct mill and the Kemi bioproduct mill, completed in 2023, are based on the ecosystem concept and are examples of industrial symbiosis, in which a network of companies offers synergies in resource use. Ecosystem companies of different sizes and at different development stages convert the bioproduct mill’s production side streams into valuable products. The bioproduct mill features an advanced closed chemical cycle in which water and chemicals are recycled and returned to the process for reuse. Even some of the emissions are utilised as raw material: odorous gases are processed into sulphuric acid, which the mill needs in the manufacture of products such as tall oil.

**Outflows related to products and services**

As a rule, Metsä Group’s products and packaging materials can be reused or recycled in accordance with local recycling systems. In practice, most are recycled or reused. For example, after use, toilet paper ends up in sludge separated from wastewater, which is used to make soil or biogas. Except for Kerto LVL products, product reparability or durability compared to the industry standard are not relevant aspects of product use when accounting for product outflows.

Mainly produced from renewable raw material, the company’s paperboards – except for the PE-coated grades – are certified as industrially compostable in accordance with the DIN EN 13432 and/ or ASTM D6400 standards. In addition, some paperboard grades are certified as home compostable in accordance with the NF T 51–800 standard. Metsä Board is one of the founding members of the 4evergreen initiative. The goal of the initiative is to raise the recycling rate of fibre-based packaging in the EU to 90% by 2030.

The Group’s strategic choice is to produce tissue papers primarily from fresh fibre. In hygiene products, the use of fresh fibre instead of recycled raw material reduces the need for water and energy and generates less waste. Most of the fresh fibre is pulp originating from Metsä Group’s value chain, from the Group’s own pulp and sawn timber business, which in turn obtains its wood from Metsä Group’s Wood Supply and Forest Services. Plastic accounts for around a quarter of the packaging material used for Metsä Group’s tissue and greaseproof papers. The goal is to continuously increase the share of recycled raw material in plastic packaging materials.

Kerto LVL products are designed and produced as very durable construction materials. Correctly designed, buildings made from Kerto LVL elements can be dismantled and reused for other purposes. In cooperation with customers, entire buildings have been moved from one place to another. Kerto LVL products are CE marked in accordance with EN 14374 Timber structures – Structural laminated veneer lumber – Requirements. The structural load-bearing capacity of Kerto LVL products is examined in accordance with the limit states of Eurocode 5. When structural Kerto LVL is produced and tested in accordance with the harmonised EN 14374 product standard, its durability matches the requirements for a design service life up to 100 years. As a lightweight and strong material, Kerto LVL is excellently suited for repair construction – for strengthening old supporting structures in buildings, for example. Reuse and recycling are

the primary options for Kerto LVL and plywood, and incineration for energy is last in line.

Metsä Group is a member of the global circular economy network of the Ellen MacArthur Foundation, in which companies, developers, universities and opinion leaders cooperate to promote the circular economy. The company also engages in active dialogue with policymakers to develop the operating environment. Political influencing is discussed in greater detail in section *G1 – Business conduct*.

**Waste and side streams**

Waste generated at Metsä Group’s production units includes wood-based fractions, organic and inorganic sludge, ash, paper and paperboard waste, metals, and small amounts of plastic and glass waste, as well as energy waste from sorting at the mills. Examples of hazardous waste include oil and oily waste. Crushed concrete and metal waste are generated in construction and demolition.

Most of the production side streams are utilised. Wood-based waste, sludge, ashes and lime are used in soil improvement and landscaping, fertilisers, chemicals industry applications, and in energy generation. Only a small share of production side streams is disposed of in landfills (see the *Waste use and disposal table*). The utilisation of side streams often leads to additional expenses, but the decrease in landfill management fees also offers cost savings.

Some mills have their own waste management area or landfill, where operations are subject to an environmental permit. The environmental impacts of the mills’ own waste management areas are minimised in accordance with the environmental permits. Part of the waste is delivered to waste management companies, whose operations are subject to environmental permits, for processing or disposal. The sustainability of waste management operators is ensured in supply agreements.

The main process waste components are green liquor dregs generated in pulp production and ash, which is generated in energy production. Metsä Group is actively seeking industrial applications for green liquor dregs by conducting its own research and pilot projects, and participating in universities’ jointly funded research projects. A partner company has begun using green liquor dregs from bioproduct mills in soil improvement, which reduced the amount of waste delivered to landfill in the reporting year.

A strategic R&D programme for converting side streams for use in the circular economy is underway at Metsä Group. Metsä Group is researching and developing, both independently and with partners, various new purposes for sludge, ashes, lignin, sawdust, bark and other forest industry side streams. In 2024, in cooperation with a partner, a new purpose was identified for fibre sludge: animal bedding. Jointly with Soilfood, Metsä Board studied the utilisation of fibre-based side streams from paperboard mills in animal bedding. Novel bedding fibres are a renewable alternative for peat, commonly used as animal farms. The opportunities for carbon capture and upgrading are also being explored. Carbon dioxide capture and further processing is discussed in more detail under *E1 – Climate change*.

In 2024, Metsä Group committed to the national circular economy green deal. The participants set targets up to 2035 and commit to actions that promote a low-carbon circular economy. Metsä Group set as its target to commercialise three new important products or solutions based on Metsä Group’s side streams by 2035. The new product or solution can be introduced to the market by Metsä Group or its partners, but Metsä

Group must play a significant role in its development. Another target is to gradually reduce the Group’s annual bioenergy production based on production side streams so that the 2035 figure is 1,000 GWh less than the 2025 figure. By improving energy efficiency and developing energy production towards non-incineration-based solutions using approaches such as electrification, valuable wood raw material can be saved for material use with higher value added.

To promote the industrial upgrading of lignin, Metsä Group will build a demo plant for lignin refining during 2024–2025. In the demo plant project, the Group has partnered with a chemical industry company that is developing effective bio-based water reducing agents for concrete and gypsum applications using the demo plant’s lignin product. In 2025, Veolia’s biomethanol refinery will start up in connection with the Äänekoski bioproduct mill. It will use crude methanol generated at the bioproduct mill as a raw material.

In 2024, innovation company Metsä Spring’s investment portfolio included six start-up companies that upgrade side streams and pulp from Metsä Group’s business areas: Woodio, Innmost, Montinutra, Fiberwood, Adsorbi and Finecell.

**Financial effects**

The impacts, risks and opportunities concerning resource use and the circular economy identified in the material assessment are presented in the table on page 74, and the time horizons used in their assessment are described on page 31. The main known or reasonably expected economic impacts related to side streams concern emission allowances and wood-based energy use, which are discussed under *E1 – Climate change*. Other potential additional costs are related to the increased utilisation of side streams, which, on the other hand, offers cost savings through reduced landfill management fees. In addition, any electrification of energy generation may incur additional costs if fibre-based fractions have to be delivered to third parties for processing. However, such costs are not expected to exceed the limit for materiality.

When developing new concepts promoting efficient resource use and the circular economy, their economic impacts on the company’s business are continuously monitored through cost-benefit analyses and scenario analyses combined with roadmaps using economic calculation methods. Proposed investments are assessed while considering strategic advantages and financial performance measures.

The possible commercial production of Kuura and Muoto – Metsä Group’s potential future products – as well as carbon capture as opportunities concerning resource use and the circular economy are discussed in more detail under *E1 – Climate change*.



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**Inflows of material and energy**

Wood-based raw materials, 1,000 t	2024	2023
Wood	19,344	19,382
Purchased pulp	98	95
Recycled fibre	183	220

The share of certified wood is disclosed under G1 – Business conduct.

Other raw materials, 1,000 t	2024	2023
Process chemicals	98	92
Coatings, binders and pigments	288	264
Packaging material	100	88

Share of renewable and recyclable raw materials and packaging materials*, %	2024	2023
Renewable materials	96	97
Recycled materials	1.0	1.2

\*Share of the total weight of materials used in the reporting period.

**Outflows of material and energy**

Products, 1,000 t	2024	2023
Pulp	3,238	3,307
BCTMP	504	441
Paperboard	1,539	1,319
Tissue papers	474	486
Greaseproof papers	56	52
Wood-based fuels	2,398	2,900
Other bioproducts (biogas, tall oil and turpentine)	126	122
Mechanical wood products, 1,000 m <sup>3</sup>	2,000	2,132

By-products, 1,000 t	2024	2023
Fertilisation and soil improvement (lime, ash, sandy bark)	95	107
Industrial use (lime, ash, de-inking sludge)	48	50
Energy use (de-inking sludge, biopellet)	20	18
Total	164	175

The reference year's figure for fertilisation and soil improvement has been revised retrospectively.

Waste use and disposal, 1,000 t	On-site	Off-site	Total 2024	Total 2023
<b>PROCESS WASTE (NON-HAZARDOUS)</b>				
Material utilisation	11	163	174	143
Energy use	139	40	180	260
Landfill	7.4	7.3	15	16
Total process waste	158	211	369	418
<b>OTHER NON-HAZARDOUS WASTE</b>				
Material utilisation	7.2	23	30	29
Energy use	0.3	3.0	3.3	1.3
Landfill and other disposal	0.005	2.7	2.7	0.5
Total other non-hazardous waste	7.5	29	36	31
<b>HAZARDOUS WASTE</b>				
Material utilisation	-	1.1	1.1	1.4
Energy use	-	0.6	0.6	0.3
Incineration without energy recovery	-	0.8	0.8	1.4
Landfill	-	0.6	0.6	0
Other disposal*	-	0.5	0.5	0.1
Total hazardous waste**	-	3.5	3.5	3.2
Total waste	165	243	409	453
Share of landfill waste of all waste, %	4.5	4.3	4.4	3.7

\* Other disposal and treatment of waste than delivery to landfill. The amount also includes repackaging and pre-processing before disposal measures.

\*\* Metsä Group's operations do not generate radioactive waste.

**Reporting principles for metrics**

Resource inflows are disclosed in the original state of materials. Wood volumes are disclosed based on the information received from Metsä Group's Wood Supply and Forest Services, and disclosures of other raw materials are based on the received tonnes of raw material. Inflows regarding packaging materials are based on internal reporting.

The key assumptions made in resource inflow calculations are related to material conversion factors and the categorisation of materials into renewable materials and recycled materials. Some of the converted inflow amounts are based on assumptions if average conversion factors for a material or product have been used in the calculations. If a material cannot be categorised as renewable or recyclable, the assumption is that it is neither.

The waste volumes include waste that are transferred directly from the mill process, interim storage, and construction and demolition projects external to mill activities to final disposal, and that are under operational control, including material and energy recovery, landfill disposal and hazardous waste treatment. Waste transferred from the mill process to interim storage is not included in the disclosed waste volumes. Moisture is included in the waste volume.

The volume of process waste delivered to landfills includes the volume of waste from production processes (in tonnes) delivered to landfills from all the production units. The 2030 sustainability target only applies to process waste. For example, it does not apply to waste generated in production units' cafeterias, the volume of which is non-material compared with process waste.

The volume of waste treated in the mills' own waste treatment areas is collected from weighting reports. Information about the volume of waste treated by external service providers and the treatment method is obtained from service providers.

The metrics have not been validated by an external party.

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# S – Social responsibility

## S1 – Own workforce

### Material impacts, risks and opportunities related to own workforce

Material sub-sub-topics	Impacts	Risks and opportunities for Metsä Group	Management
<b>Equal treatment and opportunities for all</b>			
<ul style="list-style-type: none"> <li>• Gender equality and equal pay for work of equal value</li> <li>• Diversity</li> <li>• Measures against violence and harassment in the workplace</li> <li>• Training and skills development</li> </ul>	↑	The realisation of equality in the treatment, compensation and recruitment of employees can improve wellbeing at work and the opportunities for continuous learning and career development.	<ul style="list-style-type: none"> <li>• Anonymus recruitment is the company's main recruitment method.</li> <li>• Competence development and performance management are systematic.</li> <li>• DEI activities (diversity, equality and inclusion) are invested in.</li> <li>• The share of women is increased at different organisational levels.</li> <li>• Everyone can report grievances through the Compliance and Ethics Channel.</li> </ul>
	↓	If equality is not realised in the treatment, compensation and recruitment of employees, wellbeing at work and opportunities for continuous learning and career development would be weakened. This affects especially women and minorities. Some harassment incidents came up in the reporting year. They are discussed under <i>Incidents, complaints and severe human rights impacts</i> . Diversity metrics are presented in tables at the end of this section.	
<b>Working conditions</b>			
<ul style="list-style-type: none"> <li>• Secure employment</li> <li>• Working time</li> <li>• Adequate wages</li> <li>• Advocacy</li> <li>• Collective bargaining</li> <li>• Work-life balance</li> </ul>	↑	Actions promoting working conditions such as company-specific collective agreements, flexitime and individual working time models for shift work positively impact employees' work ability and wellbeing.	<ul style="list-style-type: none"> <li>• Metsä Group's production units are in countries with high-quality statutory requirements concerning working conditions. Local legislation is followed in all the operating countries.</li> <li>• Everyone has the possibility to choose whether to belong or not belong to a trade union.</li> <li>• Metsä Group uses company-specific collective agreements.</li> <li>• More than 99% of employees are covered by the centralised HR management system.</li> <li>• Depending on the nature of their work, employees can work remotely.</li> <li>• Employees have flexible working hours.</li> <li>• An individual working time model for shift work is being tested at Finnish production units.</li> </ul>
	↓	Inadequate working conditions would weaken the quality of life of employees and their families and increase inequality. At Metsä Group, potential negative impacts especially concern an uneven work allocation and work-life balance. Of the employees, 59% work in Finland, which may risk lack of transparency concerning operations outside Finland.	
<ul style="list-style-type: none"> <li>• Health and safety</li> </ul>	↑	Actions promoting health and safety positively impact employees' general physical and mental wellbeing and work ability.	<ul style="list-style-type: none"> <li>• Actions promoting health and safety at Metsä Group:</li> <li>• Certified safety management systems</li> <li>• Training, opportunities for occupational safety observations, continuous risk assessments and processes for responding to accidents</li> <li>• Operating models and related training for early support and return-to-work support (rehabilitative activities) and a substance abuse programme.</li> <li>• Training of supervisors in managing occupational safety and wellbeing</li> <li>• Employees are offered healthcare and a sports and culture benefit that anticipate and promote the maintenance of work ability.</li> </ul>
	↓	Inadequate actions for securing health and safety would negatively impact employees' general physical and mental wellbeing and work ability. Especially employees at production units and in investment projects are prone to accidents. The most typical accidents consist of injuries to hands and feet. Moreover, all employees may be exposed to negative impacts related to mental strain and wellbeing.	
<b>Other work-related rights</b>			
<ul style="list-style-type: none"> <li>• Privacy</li> </ul>	↓	Inadequate data protection could jeopardise employees' privacy and personal data protection, which may cause a significant mental strain and deterioration in wellbeing.	<ul style="list-style-type: none"> <li>• The Data Protection Policy defines the principles and rules for personal data processing. Separate written guidelines are in place for the processing of employees' personal data.</li> <li>• Employees receive data protection training through e-learning courses. An advanced mandatory course dealing with the processing of employees' data and related special legislation is offered to HR personnel and supervisors.</li> <li>• Data protection requirements are considered throughout the life-cycle.</li> <li>• The data protection management model helps ensure compliance with the requirements of legislation, including the EU's General Data Protection Regulation (GDPR).</li> <li>• Everyone can submit a request concerning their personal data through Metsä Group's website.</li> </ul>

↑ Positive impact on the environment and society or on Metsä Group's business  
↓ Negative impact on the environment and society or on Metsä Group's business

### Metsä Group's 2030 sustainability targets

	2030 target	2024	2023	2022
Anonymous recruitment for vacancies open to all, %	100	99.1	80	43
Women in management positions, %	>30	20	20	21
Total recordable incident frequency, own employees (TRIF)	0	5.2	6.1	6.7
Employee commitment	AAA	A+	A+	-

Metsä Group's strategic 2030 sustainability targets, and their setting and monitoring, are discussed in greater detail under *Sustainability governance and strategy* and *Material sustainability-related impacts, risks and opportunities*.

The company's own workforce has not directly participated in setting the targets, but the results of surveys focused on the personnel, such as the employee survey, are considered in the materiality assessment. The 2030 sustainability targets are discussed by the mills' management teams, which include employee representatives, and in collaborative events with employee representatives. The progress made in sustainability targets is published on the intranet for all employees quarterly.

### Progress in targets

- **Anonymous recruitment for vacancies open to all** – Significant progress has been made in the target. Anonymous recruitment was adopted at Metsä Group in 2022. In 2024, 99% of vacancies were filled through anonymous recruitment.
- **Women in management positions** – Despite the measures taken, the share of women in management positions did not increase in line with the target in 2024. In 2025, the goal is to reinforce actions to increase the share of women and use broader metrics to monitor the share of women in management.
- **Total recordable incident frequency, own employees (TRIF)** – TRIF moved towards the zero accidents target as planned. Unfortunately, some of the accidents were serious, so the company must continue to emphasise proactive safety work and the prevention of serious work-related accidents.
- **Employee commitment** – The result remained at the same level as in the previous employee survey. Starting in 2025, the goal is to enhance the implementation of measures adopted based on the employee survey by more effectively monitoring the implementation of Group- and business-specific measures and assessing any other measures affecting commitment to work.

### The identification and assessment of material impacts, risks and opportunities

The material impacts related to the company's own workforce were identified in a human rights impact assessment, the results of which were included in the company's double materiality assessment. The impacts, risks and opportunities related to own workforce that were identified in the double materiality assessment are presented in the table on page 80. The assessment of human rights impacts and the materiality assessment are discussed on pages 30–32.

Most of the employees belonging to the company's own workforce are in an employment relationship with the company. A relatively small share of employees of third-party companies, who have an agreement on the supply of workforce with Metsä Group, work in ICT services and at

production units, for example. The identified material negative impacts are mainly related to individual cases. Those highlighted in the assessment of human rights impacts include personal safety risks and factors straining wellbeing at production units and in investment projects. Metsä Group has also identified potential negative impacts on diversity and the realisation of equality, including challenges to gender equality in a male-dominated industry. Challenges may also arise in the achievement of diversity regarding the origin, language or age of the company's own workforce, and the equal treatment of minorities. Moreover, 59% of the employees work in Finland, which may risk a lack of transparency concerning operations outside Finland.

### Policies

The sustainability of Metsä Group's own workforce is guided by applicable legislation, as well as policies comprising Metsä Group's values, the Code of Conduct, other policies, and the Metsä for all vision and management systems approved by the company's Board of Directors. All the policies cover the company's own employees. The key occupational safety training applies to the company's own workforce, meaning its own employees and leased labour. The Code of Conduct and policies are discussed in more detail under *G1 – Business conduct*.

### Equal treatment and opportunities for all

Metsä Group is committed to promoting the diversity, equality and inclusion (DEI) of its own workforce. This work is guided by the Group's Code of Conduct, Equality policy and the Metsä for all vision, published in 2021. In practice, Metsä Group's equality work is guided cooperatively by the HR function and businesses.

The Code of Conduct and Equality policy include the prohibition of all discrimination based on gender, age, origin, race, nationality, language, religion, belief, opinion, political activity, trade union activity, family relations, pregnancy, health, disability, sexual orientation or any other personal characteristics. Indirect discrimination is also prohibited. The non-discrimination principle applies throughout the life-cycle of an employment relationship, regardless of whether the employment relationship is permanent, temporary or part-time.

Awareness of diversity, equality, inclusion and non-discrimination is promoted through the Code of Conduct and DEI e-learning courses that are mandatory for employees. The themes are part of the induction of new white collars and apprentices, as well as the company's management and leadership coaching.

### Training and skills development

Metsä Group's management and employees' skills development are guided by the Human Resources policy. Metsä Group's management and HR are in charge of implementing the policies included in the Human Resources policy. Management and supervisory work is supported through coaching,

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where participants discuss matters such as Metsä Group's good leadership framework. Employees' skills are developed in the long term in line with Metsä Group's strategy and goals.

### Working conditions

In addition to local legislation, Metsä Group complies with the applicable practices for working conditions in its operating countries. In its Code of Conduct, the company is committed to fair terms and conditions of employment. Of Metsä Group's employees, 74% are covered by collective agreements. In Finland, Metsä Group complies with company-specific collective agreements for the chemical and mechanical forest industry and forestry sector white-collar employees.

All Metsä Group production units are located in Finland and Sweden, both of which have high-standard statutory requirements concerning working conditions such as reasonable working hours, annual leave, parental leave and part-time work. The wage payment practices for the family-related leave of employees in Finland have been harmonised to a level that exceeds the statutory requirements concerning family-related leave and offers parents equal opportunities to take care of their child. All Metsä Group employees are paid a living wage (situation at the end of the reporting period, 31 December 2024). Metsä Group's employees have the right to belong or not to belong to a trade union.

### Health and safety

Metsä Group's occupational safety is guided by the safety management system, comprising the corporate security policy and the safety principles, standards, processes and work instructions. Metsä Group's safety management system also considers each country's legislation, for example, the Occupational Safety and Health Act in Finland. The Corporate Security policy defines the goals and operating models of security operations, to which all employees must commit in their activities. The safety principles guide safety-related decisions and define the criteria for preparing safety processes and standards. In addition to guiding occupational safety, the ISO 45001 standard calls for a safety management system. The heads of business areas are responsible for the implementation of safety policies in accordance with the requirements specified by the Group's senior management. The roles and responsibilities of occupational safety are defined in the safety management principles. The related e-learning course is mandatory for the employees of production units.

All the production units comply with the ISO 45001 standard for occupational health and safety. All Metsä Group production units apply the 5S method for organising workplaces and standardising working methods, which aims to increase productivity, safety and wellbeing at work.

All the production units' employees and service providers come under the scope of the occupational safety management system, which has been certified by a third party. Production units account for 74% of Metsä Group's total workforce. Office workers outside production units are covered by Metsä Group's occupational safety management system, but these operations have not been certified by a third party.

At Metsä Group, wellbeing and the improvement and maintenance of work ability are guided by the Code of Conduct and the guidelines for wellbeing and occupational safety, in which Metsä Group commits to promoting the employees' physical and mental wellbeing. The promotion of workplace wellbeing and work ability is proactive, the goal being to

identify threats to employees' work ability, initiate actions and maintain the employees' health throughout their careers. The sites are responsible for compliance with the applicable legislation and the Group's requirements for workplace wellbeing.

Metsä Group organises healthcare for its employees in accordance with each country's practices and legislation. Information about healthcare services is available on the company's intranet pages, and it is also included in employees' induction.

### Other work-related rights

As part of the Code of Conduct, Metsä Group is committed to acting in accordance with the United Nations (UN) Guiding Principles on Business and Human Rights and to respecting internationally recognised human rights in accordance with the UN's Universal Declaration of Human Rights and the ILO's Declaration on Fundamental Principles and Rights at Work. The company is committed to remedying any negative impacts on human rights in accordance with the UN Guiding Principles on Business and Human Rights, and Metsä Group's Principles on non-compliance notifications and the related investigation, which were updated in 2024. In the Code of Conduct, Metsä Group is committed to ensuring that no child or forced labour, human trafficking, or other forms of modern slavery occurs in its business operations and supply chain. Metsä Group has focused its production in countries with no significant risk of child or forced labour. Metsä Group publishes a modern slavery statement annually in accordance with the UK Modern Slavery Act, in which it describes the actions taken to ensure that no modern slavery occurs in the company's own operations or its supply chain.

Metsä Group supports the UN Global Compact initiative and its principles concerning human rights and employees, among other things. Human rights matters are discussed in e-learning courses such as those focusing on sustainability, the Code of Conduct and DEI, which employees are required to complete regularly.

As part of its Personal Data Protection Policy, Metsä Group is committed to protecting people's privacy. The Data Protection Policy defines the principles and rules that must be followed when processing personal data. Personal data related to the employees' health are processed only by designated individuals, in accordance with data protection legislation and in situations in which the data are required by law. Employees' health-related data are stored separately from the employees' general personal data. Metsä Group's data protection management model helps ensure compliance with legislation, including the EU's General Data Protection Regulation (GDPR).

## Engaging with own workers and worker's representatives about impacts

### Metsä for all vision

Interaction with employees played an important role when defining the Metsä for all vision. The vision's content was influenced by the opinions of the international working group comprising the company's employees, as well as the results of the survey for all employees. The site-specific challenges and development measures related to the vision's implementation were determined in workshops for site-specific management, aided by local DEI employee surveys. The workshops and DEI surveys are discussed under *Actions*.

Statutory equality and non-discrimination plans are drawn up annually with employee representatives for each business area.

### Collective agreements

Company-specific collective agreements for the chemical and mechanical forest industry and forestry sector white-collar employees are renewed among the parties based on the principle of continuous negotiations. The drafting of company-specific collective agreements marked the beginning of measures carried out jointly with the employees' representatives to renew and improve work life.

### Cooperative activities

Metsä Group complies with local legislation and applicable collective agreements in all its operating countries. Cooperation is carried out in accordance with each country's legislation. The goal of cooperation is to develop the company's operations and the employees' opportunities to influence decision-making concerning their own work, working conditions and position in the company. HR, business area management and employee representatives are jointly in charge of the measures related to cooperation.

An annual cooperation forum is organised for elected representatives in Finland, where the elected representatives and the company management discuss the elected representatives' questions, development proposals and the Group's financial position. In addition, the management team at all mills in Finland includes an elected representative.

Metsä Board, Metsä Tissue and Metsä Wood have a European Works Council (EWC). The goal of the EWC is to promote the company's internal information flow and contacts between the company's Executive Management Team and employees, as well as to regularly discuss questions about the company's multinational operations that are significant to the employees, primarily in accordance with the Finnish version of the EWC agreement. The Works Council is not intended for discussing matters regulated through national or local collective agreements.

### Employee survey and Pulse survey

The company annually conducts an employee survey measuring employee commitment, the quality of leadership and employees' views on business ethics. The survey was revised in 2024. As part of the revision, the questions of the ethics barometer, conducted in 2020 and 2022, were made part of the employee survey. The results of the employee survey are supplemented by the Pulse survey, conducted four times a year, which measures employees' commitment to the company and their views on the ethics of business. Through the employee survey and the Pulse survey, employees can provide written feedback on the practical implementation of ethics and report any grievances. The Compliance and Ethics Channel, intended for reporting ethical grievances, is discussed in greater detail under *G1 – Business conduct*.

HR is responsible for both the employee survey's and the Pulse survey's implementation and reports the results to senior management. Supported by the HR function, senior management ensures the employee survey results are handled and addressed in decision-making. The results are discussed at different organisational levels and with elected representatives. Further information about work on the measures is provided under *Actions*. The results of the employee survey and Pulse survey are used as indicators for strategy implementation.

The effectiveness of the employee survey and the Pulse survey is measured by evaluating the response rates and the implementation of the defined development measures and by comparing the results with those of other companies.

## Safety talks and occupational health and safety committees

Occupational safety is promoted and supported with safety talks, or information sessions for the workforce, which are recorded in the system. The scope of safety walks is assessed by monitoring the target amounts set for them.

The occupational health and safety committees of mill sites regularly discuss the promotion of occupational safety with various groups of the workforce. The occupational health and safety committee prepares an annual action plan for occupational safety, based on which the occupational health and safety manager and the committee jointly determine the key development measures related to occupational safety. The occupational health and safety committees represent the company's own workforce as a whole, that is, the company's own employees and leased labour.

The line management is responsible for the implementation of safety walks and for occupational health and safety committees. To increase the effectiveness of communication, stakeholders have been involved in the occupational safety communication processes.

## Processes to remediate negative impacts and channels for the company's own workers to raise concerns

Metsä Group takes its obligation to remediate any negative impacts on its own workforce into account. In accordance with the principles for reporting and investigating incidents of non-compliance, updated in 2024, the company carries out a case-by-case assessment of reasonable remedies to ensure that the injured party is put in the same position as they would have been in had the incident of non-compliance not occurred, or as close as possible to it. The rights of the injured parties are taken into account in the assessment.

### Compliance and Ethics Channel

The company's own workforce can report any ethical concerns or non-compliance with legislation they detect through Metsä Group's Compliance and Ethics Channel or to their supervisor, local management, HR or the Compliance Committee. The Compliance and Ethics Channel and the process for handling reports are described in greater detail under *G1 – Business conduct*.

## Working conditions

### Health and safety

Metsä Group's own workforce can raise concerns and express opinions about occupational safety by recording their safety observations in the HSEQ system. Safety observations are also discussed at daily meetings. Metsä Group does not accept countermeasures against whistleblowers. Whistle-blowers may also choose to submit a report anonymously through the Compliance and Ethics Channel.

All accidents and hazardous situations are investigated. The investigation creates conditions for avoiding similar situations and identifying any shortcomings in safety management in view of corrective

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action. When the investigation report is completed, a summary of the investigation is distributed to all business areas.

**Actions**

Metsä Group surveys the measures targeted at its own workforce based on the identified impacts. Impacts on the company’s own workforce are systematically assessed in the double materiality assessment, in which attention is paid to the results of surveys focused on the employees such as the annual employee survey.

Based on the results of the employee survey, an action plan is drawn up for areas with the weakest results. The implementation of actions is monitored at the Group level and in business areas. Business areas and the Group determine business-area-specific priorities for development actions. Supervisors discuss the results of the employee survey with their own teams. The discussion can also involve the HR function and a third party, if required. Based on the results, the teams choose the required measures, and their implementation is monitored at team meetings and by the business areas’ management.

The effectiveness of the implemented measures is assessed with the employee and Pulse surveys, and with the DEI surveys conducted during 2022–2024. The surveys measure the realisation of ethical and equal operations, the commitment of employees and the quality of leadership. Based on the reports made through the Compliance and Ethics Channel, and other cases submitted for investigation to the Compliance Committee, an idea of the realisation of ethical operations at an annual level can be formed afterwards.

**Equal treatment and opportunities for all**

The focal points of the Metsä for all vision are equality and gender equality, diversity, inclusion, and cultural change. They guide the development of employee processes and the annually determined measures for achieving the vision.

As part of the continuous development work, an equal pay survey is conducted annually, employees are trained regularly, and measures are taken to ensure that the gender distribution in leadership training corresponds to the DEI targets. In successor planning, attention is paid to the goal of a more balanced gender distribution in Group duties. Metsä Group’s recruitment partners are committed to the DEI targets.

Anonymous recruitment is the main recruitment method. It supports the diversity of employees by encouraging people with different backgrounds to apply for jobs at Metsä Group. Anonymous recruitment encourages employees to consider their biases and their potential impact on recruitment. After the introduction of anonymous recruitment, the share of women of all recruited employees has increased by 14% in relative terms from 2021 (27%) to 2024 (30%).

Based on the results of the 2022 ethics barometer, increasing awareness of the Metsä for all vision and strengthening its implementation locally were determined as a development area. A programme was launched for local management teams to ensure the vision’s implementation in daily management and leadership work. The programme is based on workshops, which include the specification of site-specific development actions based on the results of the DEI survey conducted among all the site’s employees. A total of 48 workshops were organised in 2022–2024. Key challenges identified in the DEI surveys include the unequal

distribution of workload, the unequal pay of employees and poor work-life balance.

During 2024, a training programme focusing on themes related to mental safety was launched as a continuation of the DEI workshops for occupational health and safety committees. Among other things, the programme covers topics such as inappropriate treatment, bullying, harassment, discrimination and psychological safety, as well as ways to address grievances. Training will continue in 2025.

**Training and skills development**

Training and skills development focuses on the continuous development of professional competence, core process skills and leadership skills. Everyone is provided with a personal development plan annually to support their development at both the personal and team levels. A performance and development appraisal (PDA) is held for employees twice a year. Personal assessments and wider competence surveys can guide the development of individual, group and organisational competence development and the content of development programmes.

As part of the strategy implementation, a long-term development programme concept – Metsä Group’s Academies – has been developed, with the goal of identifying future competence needs and developing core competence important to the Group. In 2024, competence was developed in the academies for finance, sales, procurement, sustainability and leadership. In addition, planning for a production academy was initiated. Mentoring programmes and job rotation support the employees’ professional growth and enable the use of tacit knowledge.

The implementation of competence development is monitored at two levels. The Group monitors the number of personal development plans and employee survey results related to the opportunities to use one’s own competence. In addition, feedback is collected on each academy and other training programmes.

Metsä Group’s employees have a bonus scheme, and the personal performance bonus targets of each employee include a sustainability target. Personal goals and development items are set, and progress is monitored in performance and development appraisals (PDAs). The bonus system does not cover trainees, thesis workers, employees who have worked less than four months during the bonus system year, or individuals who are not in an employment relationship at the time of the bonus payment.

**Working conditions**

More than 99% of Metsä Group’s employees are included in the same HR management system, which reduces the risk of employment conditions or wages in breach of the law or agreements. In some Group duties, employees have access to flexible working hours and a hybrid model, which enables them to work remotely part of the week. The company supports the employees’ wellbeing at different stages of life and enables a long career by offering various solutions such as job rotation.

**Health and safety**

In Metsä Group, safety management is based on the prevention of hazards and risks. Operations are guided by safety processes and standards and work instructions. The e-learning course in the principles of safety management is mandatory for the production units’ employees. In addition, the general safety induction e-learning course dealing with

hazards and risks in the work environment is mandatory for Metsä Group’s own workforce in the Group’s production units and on its construction sites.

Accidents are prevented with common safety-at-work standards, continuous proactive measures – such as risk assessments, safety observations, safety walks and safety training – and investments improving safety. Safety-at-work standards have been drawn up for the riskiest duties. The permit to work standard covers the most important of these: lockout/tagout, working at heights, lifting work, work in confined spaces, excavations and hot work.

The zero accidents target is supported by long-term safety priorities. The measures based on them guide the development of safety work, define the key targets and make safety work more predictable.

In 2024, the key focal areas in safety work included the adoption of Metsä Group’s main rules for safety and the training programme for safety management. The main rules for safety, based on Metsä Group’s standard safety operating methods, were launched to make the work environment safer. The goal is to encourage employees to pay attention to the prevention of serious accidents. The training programme for safety management was launched for production employees at production units in Finland and in wood supply organisations. Matters discussed included safety responsibilities, high-quality proactive safety work, committing teams to safety work, and the importance of a caring safety culture. In 2025, the programme will be expanded to other Metsä Group production units and to safety training for employees.

Occupational safety actions are actively monitored in the HSEQ system, in which the actions are categorised based on their impact on occupational safety. The zero accidents target is used to assess the effectiveness of occupational safety actions in the big picture.

Using health checks and health surveys, occupational healthcare evaluates employees’ health in view of the demands of their duties and the exposures related to their work. In some Metsä Group operating countries, occupational health partners also conduct occupational health surveys. The healthcare services of leased labour are handled by their own employer. The most common occupational illnesses are allergic skin or respiratory reactions caused by dust or chemicals. Workplace conditions are made as health secure as possible, for example, in terms of tidiness and adequate ventilation. The appropriateness and adequacy of personal protective equipment is also ensured. Metsä Group has not been made aware of any fatalities from occupational diseases among its own or its service providers’ workforce.

To support work performance, Metsä Group has operating models for rehabilitative activities and early support. A substance abuse programme is also in place. The implementation of early support measures is monitored in relation to the defined targets and needs. Supervisors are offered guidelines and training for managing wellbeing at work. In 2024, Mind and Work training was offered to supervisors, and supervisors and HR were trained in the implementation of early support as part of day-to-day management.

In 2024, the focal area in promoting wellbeing at work was on the employees’ musculoskeletal condition and support for mental wellbeing. Webinars and info sessions were organised for the employees on these topics. In addition, a year-long trial on an individual working time model for shift work was initiated in 2024 at all the production units in Finland. The experiences were positive, and the trial will be continued in 2025.

**Other work-related rights**

The realisation of human rights is considered as part of the development of HR processes. Investments in occupational safety and wellbeing, DEI work, and e-learning courses dealing with these topics were key practical measures affecting the realisation of human rights in 2024. In addition to the assessment of human rights impacts conducted in 2024, the Compliance and Ethics Channel, the ethics-related questions in the revised employee survey and the collected open-ended feedback are important tools in identifying human rights impacts.

Regarding the employees’ personal data protection, procedures for processing employees’ personal data have been defined, and all employees are required to comply with the Data Protection Policy in place. Metsä Group uses advanced technical and organisational means for implementing data protection and information security, and the same is required of companies providing occupational healthcare services as part of the agreements. To ensure data protection, employees are offered e-learning courses such as the data protection course mandatory for all employees. In addition, a mandatory advanced e-learning course is provided for HR personnel and supervisors, which deals especially with the processing of employees’ data and related special legislation. Data protection themes are discussed in meetings organised with heads of HR and the owners of key HR processes four times a year. Moreover, everyone has the right to submit requests concerning their personal data through Metsä Group’s website.

**Financial resources allocated to the management of material impacts**

In 2024, voluntary social expenses totalled EUR 19.0 million. These include, for example, the costs of occupational health services, recreational activities, occupational safety equipment and lunch expenses.

The employees’ training expenses in 2024 totalled EUR 7.5 million.

**Incidents, complaints and severe human rights impacts**

In 2024, Metsä Group was made aware of incidents that may have had a direct or indirect negative impact on the Group’s human rights responsibilities. Despite Metsä Group’s continuous efforts towards its zero accidents target, three serious accidents leading to the permanent injury of employees occurred in 2024 in addition to slight personal injuries (see the table *Health and safety*). All three accidents involved Metsä Group’s own employees at mills in Finland. The accidents were thoroughly investigated in cooperation with the authorities. Corrective and preventive actions were adopted, and key learning points were shared in all business areas to prevent the occurrence of similar accidents in the future.

In 2024, the company received nine reports related to harassment or discrimination. One of the harassment cases led to the termination of the employment relationship, and three to a written warning. The Board of Directors also requested an external independent party to carry out an investigation based on an employee’s claims related to discrimination and inappropriate treatment. None of the reports of inappropriate behaviour to the company concerned forced labour or the use of child labour.

Incidents concerning the occupational safety and other work-related rights of suppliers’ employees are discussed under *S2 – Workers in the value chain*. The mechanisms for identifying, reporting and investigating grievances are discussed under *G1 – Business conduct*.

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**Employees by gender**

	2024	2023
Men	7,618	7,576
Women	2,415	2,348
Total employees by country	10,033	9,924

**Employees by country**

	2024	2023
Finland	5,925	5,770
Sweden	1,381	1,339
Germany	940	983
Poland	656	648
United Kingdom	347	389
Slovakia	308	323
Estonia	225	215
United States	81	78
Other countries	170	179

Countries with more than 50 employees

**Employees by contract type and country**

	Finland		Sweden		Germany		Poland		United Kingdom		Slovakia		Other countries		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Number of employees	5,925	5,770	1,381	1,339	940	983	656	648	347	389	308	323	476	472	10,033	9,924
Number of permanent employees	5,397	5,278	1,337	1,234	814	840	593	590	347	386	288	309	459	455	9,235	9,092
Number of temporary employees	435	448	42	101	126	143	63	58	0	3	20	14	17	17	703	784
Number of employees with a zero-hour contract	93	44	2	4	0	0	0	0	0	0	0	0	0	0	95	48
Number of full-time employees	5,676	5,573	1,311	1,273	869	908	649	638	336	375	306	322	470	466	9,617	9,555
Number of part-time employees	249	197	70	66	71	75	7	10	11	14	2	1	6	6	416	369

The six largest operating countries

**Employees by contract type and gender**

	Women		Men		Total	
	2024	2023	2024	2023	2024	2023
Number of employees	2,415	2,348	7,618	7,576	10,033	9,924
Number of permanent employees	2,160	2,102	7,075	6,990	9,235	9,092
Number of temporary employees	221	230	482	554	703	784
Number of employees with a zero-hours contract	34	16	61	32	95	48
Number of full-time employees	2,256	2,198	7,361	7,357	9,617	9,555
Number of part-time employees	159	150	257	219	416	369

**Employee turnover and recruitment**

	2024	2023
Employee turnover number	705	679
Employee turnover total, %	7.7	7.5
Women	6.6	8.7
Men	8.1	7.1
Aged under 30	9.7	10
Aged 30–50	6.1	6.5
Aged over 50	9.2	7.9
Number of new hires, total	463	511
Women	132	178
Men	331	333
Aged under 30	150	137
Aged 30–50	253	310
Aged over 50	60	64

**Non-employee workers in the company's own workforce**

	2024	2023
Non-employee workers in the company's own workforce	144	90

**Gender distribution in management**

	2024	2023
Share of men and women in management	147/37	143/35
Share of men and women in management, %	80/20	80/20

**Age distribution of employees**

	2024	2023
Aged under 30	1,505	1,452
Aged 30–50	4,914	4,856
Aged over 50	3,614	3,616

**Collective bargaining coverage and social dialogue**

Coverage rate	Collective bargaining coverage		Social dialogue
	Employees – EEA	Employees – non-EEA	Workplace representation (EEA only)
0–19%	Estonia	United States	
20–39%			
40–59%	Poland	United Kingdom	
60–79%	Finland		
80–100%	Germany, Slovakia, Sweden		Finland, Sweden, Poland, Estonia, Slovakia, Germany

Countries with more than 50 employees

**Social protection**

	Countries with no social security for the listed life events
Sickness	
Unemployment starting from when the company's own worker is working for the company	India, Singapore
Employment injury and acquired disability	India, Singapore
Parental leave	
Retirement	India

**Family-related leave**

	2024	2023
Employees entitled to take family-related leave	10,033	9,924
Number of employees that took family-related leave	668	735
Number of women that took family-related leave	201	267
Number of men that took family-related leave	467	468
Employees entitled to take family-related leave, %	100	100
Employees that took family-related leave, %	6.7	7.4
Women that took family-related leave, %	8.3	11
Men that took family-related leave, %	6.1	6.2

**Training and skills development**

	2024	2023
Employees who participated in regular performance and career development reviews, %	94	93
Women	90	90
Men	96	93
Blue-collar	94	92
White-collar	94	93
Management	98	97
The average number of training hours per employee	17	15
Women	21	17
Men	16	14
Blue-collar	12	12
White-collar	25	19
Management	32	28

**Health and safety**

	2024	2023
<b>OWN EMPLOYEES</b>		
Occupational accidents	82	96
TRIF	5.2	6.1
Lost time occupational accidents	64	66
Lost time accident frequency, LTA1F	4.0	4.2
Fatal occupational accidents	0	1
Occupational diseases	1	3
Fatal occupational diseases	0	0
Days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	1,021	814
<b>SERVICE PROVIDERS</b>		
Occupational accidents	65	39
Fatal occupational accidents	0	1

**Total remuneration**

	2024	2023
Ratio of the highest paid individual to the median annual remuneration for all employees (excluding the highest-paid individual)	66	45

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**Total remuneration ratio of women and men**

%	Finland		Sweden		Germany		Poland		United Kingdom		Slovakia	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Blue-collars	95	96	99	97	97	97	94	94	-	-	91	91
White-collars	99	99	96	92	98	100	101	101	101	96	89	88

The six largest operating countries

**Incidents, complaints and severe human rights impacts**

	2024	2023
<b>ALL REPORTS RELATED TO UNETHICAL BEHAVIOUR</b>		
All reports	202	163
Reports resulting in a full-scale investigation	68	49
Complaints to National Contact Points for OECD Multinational Enterprises	0	0
<b>DISCRIMINATION AND HARASSMENT CASES</b>		
Reported cases of discrimination and harassment	9	6
Confirmed cases of discrimination and harassment	6	5
Total amount of fines, penalties, and compensation paid for the reported cases of discrimination and harassment	0	0
<b>SEVERE HUMAN RIGHTS INCIDENTS</b>		
Severe human rights incidents (child and forced labour, human trafficking)	0	0
Total amount of fines, penalties, and compensation paid for the severe human rights incidents	0	0

**Key personnel figures by business area**

	Wood supply and forest services		Metsä Wood		Metsä Fibre		Metsä Board		Metsä Tissue	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Number of employees	694	723	1,700	1,592	1,539	1,632	2,409	2,343	2,624	2,637
Women	151	148	408	403	223	232	553	516	513	514
Men	543	575	1,292	1,189	1,316	1,400	1,856	1,827	2,111	2,123
Aged under 30	119	113	255	247	232	249	330	269	405	425
Aged 30–50	334	349	825	756	812	851	1,095	1,088	1,252	1,239
Aged over 50	241	261	620	589	495	532	984	986	967	973
Permanent employees	668	692	1,630	1,516	1,362	1,424	2,221	2,177	2,403	2,392
Temporary employees	25	30	65	74	155	194	154	165	218	241
Full-time employees	686	708	1,653	1,548	1,470	1,574	2,283	2,262	2,510	2,522
Part-time employees	8	15	47	44	69	58	126	81	114	115
Share of men and women in management, %	100/0	100/0	87/13	85/15	81/19	81/19	77/23	79/21	84/16	84/16
Employee turnover, %	6.7	16	12	8.9	9.6	6.7	4.8	5.5	7.5	6.9
Number of new hires	34	36	132	86	35	45	62	130	125	126
The average number of training hours per employee	22	19	17	10	18	17	20	18	12	11

**Reporting principles for metrics**

The figures for the company's own workforce include the entire Metsä Group, excluding the following small companies, the employees of which are not included in the centralised HR system: Kumpuniemen Voima Oy, Oy Silva Shipping Ab, Lohjan Biolämpö Oy and Katrinefors Kraftvarme Ab. On 31 December 2024, the total number of employees of these companies was 47, or around 0.5% of the entire Group's employees. In other respects, the consolidation principles for financial reporting have been applied to the figures.

The number of employees used in the calculations is indicated as the number at the end of the reporting period (31 December 2024). The figure also includes non-active employees such as employees on family-related leave. Metsä Group annually employs around 1,000 seasonal summer employees, thesis workers and trainees, some of whom are not employed at the end of the reporting period, when the number of employees is determined. The number of employees as full-time equivalents is presented in the consolidated financial statements, Notes 2.1.

In Metsä Group's personnel system, a person's gender is determined based on their legal gender. The categories "other" and "not reported" are not applied in the reporting of gender distribution.

Non-employee workers in the company's own workforce include workers who have concluded an agreement on the supply of workforce with Metsä Group – that is, self-employed persons and workers supplied by companies that primarily engage in employment services. No significant changes usually take place in the number of workforce over the year.

Recruitment includes permanent new hires. Employee turnover includes all leavers, whatever the reason (excluding transfer of business), divided by the number of employees. The figure includes permanent employment relationships.

The share of anonymous recruitment of vacancies open to all includes the recruitment carried out in the Workday system. Workday is used in most recruitment. For example, cases in which the job applicant directly contacts the production unit are not included in the calculation.

The key figures for management, share of women in management, and management training and skills development include people whose management level is VP/SVP/CEO, and who have a management IPE level.

The total remuneration ratio of women to men has been calculated as an average of women and men in the same pay category, weighted by the number of employees. If pay categories are not in use in the unit, remuneration has been compared within

the same site. The adequate wage indicator has been calculated by comparing employees' total remuneration with market data on the adequate wage in the area in question. The remuneration figures for 2023 have been revised retrospectively, as only active employees were included in previous calculations.

The lack of social security for the listed life events applies to all employee groups, a total of 13 people in the listed countries.

An occupation accident is reported if a person injured at work requires medical treatment or adapted or replacement work, or if the accident leads to their absence. In the calculation of lost-time accidents and LTA1F rate, only accidents that have led to at least one day of absence are taken into account. The accident frequencies, TRIF and LTA1F, only include the company's own employees, because information about service providers' actual working hours is unavailable. Frequencies have been calculated per million hours worked. The number of work-related accidents is indicated separately for the company's own employees and service providers. The disclosed days absent may involve uncertainty due to changes made afterwards. Days absent due to occupational diseases also include absences due to occupational disease examinations. In the case of fatal occupational accidents, the number of days absent is indicated as 0 for calculation reasons. No fatalities occurred in 2024.

Family-related leave includes maternity leave, paternity leave and parental leave available under national legislation and collective agreements.

Cases concerning the company's own workforce that may have involved a direct or indirect negative human rights impact have come to the company's attention through either the Compliance and Ethics Channel, or a notification made to a member of the Compliance Committee. The figures also include cases involving a potential human rights impact that exceed the materiality threshold based on the Compliance Committee's assessment.

The employee survey results are based on the annual employee survey. All Metsä Group employees can respond to the survey. The index depicting employee commitment is based on the results of the employee survey's statements concerning the employee's own work, team, leadership and company, for which benchmark data is available. The results are compared with European benchmarks, and the level of employee commitment is derived from this. Responses are collected on a scale of 1–4 (fully disagree/agree), and an external service provider converts the responses to indexes on a scale of 0–100 (100 = everyone fully agrees). Compared with the standard, the target of AAA is "very good".

The metrics have not been validated by an external party.

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S2 – Workers in the value chain

Material impacts, risks and opportunities related to workers in the value chain

Material sub-sub-topic	Impacts	Risks and opportunities for Metsä Group	Management
<b>Working conditions</b>			
<ul style="list-style-type: none"> <li>• Secure employment</li> <li>• Working time</li> <li>• Adequate wages</li> <li>• Advocacy</li> <li>• Freedom of association, including works councils</li> <li>• Collective bargaining</li> <li>• Work-life balance</li> </ul>	<p>↑ Metsä Group's requirements and control mechanisms such as the model for combating the grey economy may have a positive impact on the working conditions of suppliers' employees.</p>	<p>↑ <b>Opportunity:</b> Suppliers and their employees experience greater work ability, wellbeing and commitment to cooperation with Metsä Group. Metsä Group's reputation as a sustainable and safe partner strengthens.</p> <p>↓ <b>Risk:</b> If activities contrary to Metsä Group's values take place in the value chain, this may weaken the work ability and satisfaction of suppliers' and customers' employees and contract entrepreneurs. It may also undermine their commitment to cooperation with Metsä Group. Metsä Group's reputation as a sustainable and safe partner is put at risk.</p>	<ul style="list-style-type: none"> <li>• The Supplier Code of Conduct contains requirements for fair employment practices.</li> <li>• Compliance is ensured with supplier audits and assessments</li> <li>• Metsä Group follows due diligence in the Know Your Business Partner background check, which reviews known human rights violations, among other things.</li> <li>• The model for combating the grey economy is in use in construction projects.</li> <li>• The human rights situation of countries is taken into account when assessing risks associated with customer relationships.</li> </ul>
	<p>↓ Inadequate working conditions weaken the quality of life and wellbeing of suppliers' and customers' employees and their families, increase inequality and risk the work-life balance. The most significant potential negative impacts in the upstream value chain are related to the long value chains of mill equipment and certain raw materials, such as chemicals. In the downstream value chain, potential negative impacts concern especially the sale of the company's products to globally operating customers, whose branch of industry or country of location may involve a higher risk of human rights violations.</p>		
<ul style="list-style-type: none"> <li>• Health and safety</li> </ul>	<p>↑ Metsä Group's safety requirements can positively influence the wellbeing and work ability of suppliers' employees and the wellbeing of the employees' families.</p>	<p>↓ <b>Risk:</b> If activities contrary to Metsä Group's values take place in the value chain, this may weaken the work ability and satisfaction of suppliers' and customers' employees and contract entrepreneurs. It may also undermine their commitment to cooperation with Metsä Group. Metsä Group's reputation as a sustainable and safe partner is put at risk.</p>	<ul style="list-style-type: none"> <li>• The Supplier Code of Conduct contains requirements for occupational safety management.</li> <li>• Compliance is secured with targeted supplier audits and assessments.</li> <li>• The safety management system covers service providers working in Metsä Group's operations. Occupational safety is continuously developed jointly with service providers.</li> <li>• In Wood Supply, forest site preparation days and safety walks at loading and unloading sites are conducted regularly.</li> <li>• The introduction of a lone worker application for wood supply employees in 2024.</li> <li>• The human rights situation of countries is taken into account when assessing risks associated with customer relationships.</li> </ul>
	<p>↓ Deficiencies in Metsä Group's health and safety requirements or in the oversight of their implementation weaken the work ability of suppliers' employees, as well as their physical and mental wellbeing, and increase work-related accidents. Employees in wood supply and investment projects and employees of suppliers that provide maintenance shutdown services for production units are particularly exposed to potential accidents. In the downstream value chain, potential negative impacts especially concern the sale of the company's products to globally operating customers, whose branch of industry or country of location may involve a higher risk of human rights violations.</p>		
<b>Equal treatment and opportunities for all</b>			
<ul style="list-style-type: none"> <li>• Gender equality and equal pay for work of equal value</li> <li>• Training and skills development</li> <li>• Employment and inclusion of disabled people and people with functional difficulty</li> <li>• Measures against violence and harassment in the workplace</li> <li>• Diversity</li> </ul>	<p>↑ Metsä Group's requirements and control mechanisms may have a positive impact on the equal treatment and equal opportunities of suppliers' employees.</p>	<p>↑ <b>Opportunity:</b> Suppliers and their employees experience greater work ability, wellbeing and commitment to cooperation with Metsä Group. Metsä Group's reputation as a sustainable and safe partner strengthens.</p> <p>↓ <b>Risk:</b> If activities contrary to Metsä Group's values take place in the value chain, this may weaken the work ability and satisfaction of suppliers' and customers' employees and contract entrepreneurs. It may also undermine their commitment to cooperation with Metsä Group. Metsä Group's reputation as a sustainable and safe partner is put at risk.</p>	<ul style="list-style-type: none"> <li>• The Supplier Code of Conduct contains requirements for equal opportunities and non-discrimination.</li> <li>• Compliance is ensured with targeted supplier audits and assessments.</li> <li>• Metsä Group follows due diligence in the Know Your Business Partner background check, which reviews known human rights violations, for example.</li> <li>• The human rights situation of countries is taken into account when assessing risks associated with customer relationships.</li> </ul>
	<p>↓ Failure in equality in Metsä Group's supply chain would weaken the wellbeing and work ability of workers in the value chain and could, at worst, lead to discrimination and poor working conditions. Women and minorities especially are susceptible to potential negative impacts in Metsä Group's investment projects and in the long value chains of mill equipment and certain raw materials such as chemicals which may have human rights impacts extending to high-risk countries.</p>		
<b>Other work-related rights</b>			
<ul style="list-style-type: none"> <li>• Child labour</li> <li>• Forced labour</li> <li>• Adequate housing</li> <li>• Clean water and sanitation</li> </ul>	<p>↓ An infringement of work-related rights in Metsä Group's value chain causes human suffering and inequality and undermines the quality of life of suppliers' and customer's employees and their families. The most significant potential negative impacts in the upstream value chain are related to the value chains of mill equipment and certain raw materials, such as chemicals, which are long and may have human rights impacts extending to high-risk countries. In the downstream value chain, potential negative impacts concern especially the sale of the company's products to globally operating customers, whose branch of industry or country of location may involve a higher risk of human rights violations.</p>	<p>↓ <b>Risk:</b> If activities contrary to Metsä Group's values take place in the value chain, Metsä Group's reputation as a sustainable partner and operator is put at risk.</p>	<ul style="list-style-type: none"> <li>• The Supplier Code of Conduct contains requirements for respecting human rights.</li> <li>• Metsä Group respects human rights in all its operations, does not accept human rights violations in any form and is committed to ensuring that its operations do not result in negative human rights impacts. The human rights due diligence process ensures Metsä Group's ability to identify, prevent, reduce and, if required, end operations with negative human rights impacts.</li> <li>• Compliance is ensured with supplier audits.</li> <li>• Metsä Group follows due diligence in the Know Your Business Partner background check, which reviews known human rights violations, for example.</li> <li>• The human rights situation of countries is taken into account when assessing risks associated with customer relationships.</li> </ul>

↑ Positive impact on the environment and society or on Metsä Group's business  
 ↓ Negative impact on the environment and society or on Metsä Group's business

Targets

Metsä Group has set sustainability targets concerning value chain workers and supplier commitment in the Code of Conduct, as well as supplier assessments and audits. These targets are discussed under *G1 – Business conduct*.

The identification and assessment of material impacts, risks and opportunities

The material impacts concerning the workers in the value chain were identified in a human rights impact assessment, the results of which were included in the company's double materiality assessment. The impacts, risks and opportunities concerning workers in the value chain that were identified in the double materiality assessment are presented in the table on page 90. The assessment of human rights impacts and the materiality assessment are discussed on pages 30–32. The Know Your Business Partner process; supplier assessments and audits; industry-, country- and supplier-specific risk analyses; the ethics statements in the employee survey; and the Compliance and Ethics Channel are also key elements in identifying, assessing and managing the impacts, risks and opportunities associated with the value chain. They are discussed under *G1 – Business conduct*.

Value chain workers are involved especially in Metsä Group's investment projects, production unit maintenance, and harvesting and transport. Harvesting, transport and forestry partners who are independent contractors are equated with value chain workers. In the case of these groups, the assessment of human rights impacts specifically highlighted potential negative impacts on health and safety – and in investment projects, also on equality, working hours and wages. In addition to these key impacts, the assessment also pointed out a potential negative impact on the working conditions of workers in the forest management value chain, especially during the forest regeneration stage. In other respects, the most significant potential negative impacts in the upstream value chain are related to the value chains of chemicals, binders, coatings and pigments as well as mill equipment, which are long and may have human rights impacts extending to high-risk countries. The potential negative impacts on these value chain workers are related to poor working conditions, labour exploitation and occupational safety. The products produced by the company are sold to globally operating customers, some of whose branch of industry or country of location have been identified as involving a higher risk of human rights violations. The human rights situation of countries is taken into account when assessing risks associated with customer relationships. A country's poor human rights situation affects especially vulnerable workers of customer companies or their value chains. For example, the tobacco industry's value chains are generally associated with potential negative impacts especially on women's and children's rights and on occupational safety in the production process. Depending on their nature and the stage of the value chain, realised impacts may be individual incidents, such as occupational accidents, or be systemic, especially in long value chains and high-risk countries.

Policies

Sustainability related to workers of Metsä Group's suppliers is guided by the Group's Supplier Code of Conduct, approved by the Group's Executive Management Team and Metsä Group's safety management system. All suppliers are required to commit to Metsä Group's Supplier Code of Conduct, which sets requirements for suppliers concerning

matters such as working conditions, occupational safety, equal treatment and other work-related rights. Metsä Group does not have separate policies for downstream value chain workers. To ensure sustainability in the downstream value chain, Metsä Group carries out due diligence in accordance with its Know Your Business Partner process, which is discussed under *G1 – Business conduct*.

Working conditions

The Metsä Group Supplier Code of Conduct includes several requirements related to the working conditions of suppliers' employees, with which suppliers must comply:

- Fair employment practices
- A living wage as required by laws and regulations
- Freedom of association and collective bargaining
- Respect for privacy
- Anti-harassment

The implementation of the Supplier Code of Conduct is the responsibility of Metsä Group's procurement organisation, the head of which reports to the company's President and CEO.

Health and safety

The Supplier Code of Conduct requires suppliers to provide a safe and healthy working environment to prevent accidents, injuries and illnesses and to ensure that employees are aware of and adequately trained in these issues. Suppliers must have an occupational health and safety management system according to ISO 45001 or an equivalent system, as applicable.

Metsä Group's occupational safety is guided by the safety management system, comprising the corporate security policy and the safety principles, standards, processes and work instructions. The safety management system encompasses all the employees of service providers working in Metsä Group's operations, and the system's requirements are the same for the company's own workforce and service providers. The heads of business areas are responsible for the implementation of safety policies in accordance with the requirements specified by the Group's senior management. The responsibilities related to safety policies are described under *S1 – Own workforce*.

The Safety Management Standard for Metsä Group Service Providers specifies requirements for the work management and supervision, employee competence, safety reporting, and permits to work of service providers working in Metsä Group's operations.

Equal treatment and opportunities for all

The Supplier Code of Conduct requires suppliers to commit to providing equal opportunities to all its employees and to prohibiting discrimination. The Code of Conduct includes the prohibition of all discrimination based on gender, age, origin, race, nationality, language, religion, belief, opinion, political activity, trade union activity, family relations, pregnancy, health, disability, sexual orientation or any other personal characteristics. Indirect discrimination is also prohibited.

Other work-related rights

The Supplier Code of Conduct specifies many binding requirements concerning other work-related rights of suppliers' employees:

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- Respecting internationally recognised human rights in accordance with the United Nations’ Universal Declaration of Human Rights and the International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work.
- Acting in compliance with the UN Guiding Principles on Business and Human Rights.
- Taking action to remedy any adverse human rights impacts. Special attention must be paid to any adverse impacts on groups or individuals that may be at higher risk of vulnerability, such as migrant workers.
- Prohibiting any form of child labour and forced labour, including modern slavery and trafficking in human beings.

Further information about Metsä Group’s Supplier Code of Conduct is available on the *Group’s website*.  
In relation to the upstream or downstream value chain, no confirmed incidents of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO’s Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises have been brought to Metsä Group’s attention.

**Engaging with value chain workers about impacts**

The need for interaction with suppliers’ employees or their representatives is highlighted when suppliers’ employees work in operations comparable to Metsä Group’s own operations, for example, at mills and construction sites, or in harvesting and forest management. In other respects, the views of suppliers’ employees are conveyed indirectly through normal supplier management activities such as cooperation meetings, audits and cooperation surveys. The company’s Procurement and Logistics is responsible for the implementation of these activities and for considering the results. The functioning of interaction with suppliers’ employees and the development of cooperation are monitored with a supplier cooperation survey, which is conducted approximately every two years. Cooperation is supported by a supplier network communication channel intended for the management of supplier cooperation, which provides information about training, instructions and topical matters. Supplier management practices are discussed under *G1 – Business conduct*.

Metsä Group’s Wood Supply and Forest Services, and Pulp and Sawn Timber Industry regularly organise cooperation forums with representatives of key service providers. The forums deal with topics such as the conditions for safety cooperation and joint development needs. Expanding the cooperation model to all business areas will be one of the key safety development measures in the coming years.

Service providers’ safety performance is monitored in large investments such as construction projects. Regular on-site safety talks are organised for the project employees, and observed safety deviations are actively addressed. A contact person from the applicable trade union and a health and safety representative are assigned to projects. A model for combating the grey economy is in use in construction projects, and project employees can also use the notification channel to report any concerning issues they observe.

Metsä Group has long-term partnerships with harvesting, forest management and transport entrepreneurs. It organises regular cooperation meetings with contractors to discuss matters such as workforce management and competence development. The wood supply production function is in charge of the cooperation forums and meetings with contractors, and of the implementation of agreed actions.

Metsä Group does not have a process for directly communicating with workers in the downstream value chain. Communication with corporate customers is discussed under *S4 – Consumers and end-users*.

**Processes to remediate negative impacts and channels for value chain workers to raise concerns**

In the Supplier Code of Conduct, the supplier commits to rectifying any non-compliance with the code. Suppliers must also ensure that their employees and stakeholders can raise concerns or grievances, and that there are appropriate practices for handling such cases.

The rectification of any deviations identified based on supplier assessments and audits is monitored. A model for combating the grey economy, as well as on-site spot checks, is in use in construction projects. Suppliers’ satisfaction and awareness of the means of communication and interaction are assessed with supplier surveys. These means of communication and interaction are discussed in greater detail under Actions in this section and under *G1 – Business conduct*.

Any non-compliance related to working conditions, health and safety, or other human rights is handled in accordance with Metsä Group’s escalation process, and in large investment projects, in accordance with the project’s management model. The idea is to first offer suppliers the opportunity to rectify their way of working. If the supplier is unwilling or unable to rectify their way of working, cooperation with the supplier is discontinued. The most serious cases are presented for processing to Metsä Group’s senior management.

**Compliance and Ethics Channel**

Metsä Group’s Compliance and Ethics Channel is available to all stakeholders, including workers in the value chain. Value chain workers are encouraged to report any ethical concerns and non-compliance with the law related to their cooperation with Metsä Group. To increase awareness of the Compliance and Ethics Channel, the channel is promoted in the supplier network, and in information channels and on posters on the sites. Reports can be submitted anonymously. Value chain workers can also report their observations directly to Metsä Group’s contact person. In accordance with the Supplier Code of Conduct, the suppliers’ employees can report incidents of non-compliance through the Compliance and Ethics Channel. The Compliance and Ethics Channel, raising concerns, and the processing of notifications are discussed in greater detail under *G1 – Business conduct*.

**Working conditions**

**Health and safety**

Safety is continuously developed and monitored with service providers working at the mills and in construction projects. Service providers’ employees are required to point out development areas by reporting their safety observations in the system. The recording of safety observations is enabled across the value chain. The observations are handled as part of daily management. Service providers are required to engage in systematic and proactive safety work such as safety observations, walks and talks. Metsä Group does not accept countermeasures against whistle-blowers. If required, whistle-blowers can also submit a report anonymously through the Compliance and Ethics Channel.

Accidents and hazardous situations are investigated thoroughly in cooperation with service providers. The investigation creates conditions for avoiding similar situations and identifying any shortcomings in safety management. When the investigation report is completed, a summary of the investigation is distributed to all business areas.

If shortcomings are observed in the service providers’ occupational safety, the same approach is followed as in other incidents of non-compliance concerning suppliers, that is, the provider is first offered the opportunity to rectify their way of working. If the service provider is unwilling or unable to rectify their way of working, cooperation with the service provider is discontinued.

In 2024, a total of 22 violations of safety requirements by service providers were detected in the Mariestad mill’s expansion and renewal project. As Metsä Group has zero tolerance for safety violations, the incidents led to the temporary dismissal of the goods suppliers’ employees. All the incidents involved individual employees. Moreover, in a demolition project related to the Husum production unit’s maintenance investment, one contractor was removed from the site due to occupational safety violations.

**Actions**

In 2024, Metsä Group’s operations did not cause severe human rights impacts, and no confirmed severe human rights issues or human rights violations in the upstream of downstream value chain were brought to the company’s attention. Less severe work-related accidents causing personal injuries, incidents and complaints are discussed under *S1 – Own workforce*. Metsä Group’s actions seek to mitigate negative impacts and produce positive impacts on value chain workers. The measures are continuous and annual. Processes are developed in line with continuous improvement. Metsä Group has not identified significant operating or capital expenditure allocated to actions concerning value chain workers.

**Working conditions**

A background check is always carried out for new suppliers, excluding private forest owners and certain low-risk suppliers. In addition, compliance is monitored continuously during the supplier relationship. Any known human rights violations and negative publicity related to human rights are reviewed as part of the background check. More detailed supplier assessments and audits are conducted for the most important suppliers, but also for suppliers whose branch of industry, country or performance involves a heightened risk related to sustainability or availability. Supplier evaluations and audits are conducted to ensure that each supplier has adequate means to recognise and minimise impacts on the working conditions and other work-related rights of their employees. Among other things, evaluations seek to ensure that the companies have adequate proactive measures for ensuring occupational safety, as well as a written code of conduct and an anonymous reporting channel for employees. Audits include observations of working conditions and interviews with employees if required.

Some of the key actions to safeguard the rights of value chain workers in Metsä Group’s wood supply include the requirement that contractors commit to sustainability requirements, background checks of entrepreneurs, close cooperation with the network of entrepreneurs, compliance with forest certification schemes and chains of custody (PEFC and FSC), and ISO standards (ISO 9001, 14001, 45001), as well as validation of operations by independent parties.

In most strategic construction projects, the subcontracting chain’s sustainability is ensured proactively with the operating model for combating the grey economy. The model ensures that companies in the subcontracting chain comply with laws and collective agreements, and handle taxes and other obligations appropriately. The backgrounds of businesses are checked at the offer stage, and spot checks are carried out regularly to detect any deviations.

To ensure the sustainability of suppliers, customers and other cooperation partners, Metsä Group follows third-party due diligence with its Know Your Business Partner background checks, which are discussed in more detail under *G1 – Business conduct*.

Supplier management practices are discussed in greater detail under *G1 – Business conduct*

**Health and safety**

The general safety induction dealing with hazards and risks in the work environment is mandatory for service providers working at Metsä Group’s production units and construction sites. Before they start work at a Metsä Group site, suppliers undergo a job-specific safety induction and must obtain the required work permits. Service providers must assess the risks in their own work and prepare for them with a safety plan. The plans must be submitted to Metsä Group before initiating work. Service providers also participate in Metsä Group’s safety walks and risk assessments. Service providers’ work-related accidents in Metsä Group are registered in the same system as those of the company’s own employees. Accidents and reported safety observations are monitored continuously. In construction projects, the safety performance of different service providers is monitored, and any safety deviations observed are actively addressed.

Contract entrepreneurs are trained in quality, safety, environmental and sustainability matters. In 2024, occupational safety training requirements were launched for contractors. Wood supply contractors participate in regular safety walks at the loading and unloading sites of production units and terminals, and in the safety management training organised in 2024 and 2025. In 2024, an application for employees working alone in the forest was introduced in wood supply. In addition, a risk assessment is conducted for each forest work site.

**Equal treatment and opportunities for all**

Supplier management practices for ensuring social responsibility are discussed under *Working conditions* in this section. Equal treatment and opportunities for all are considered in supplier audits, in which attention is paid to matters such as the adequacy of written instructions to promote equality and non-discrimination and practices for ensuring compliance with the instructions.

**Other work-related rights**

The *Working conditions* subsection describes supplier management practices for ensuring the realisation of social responsibility with the aid of audits, for example. The auditors have been trained to detect risks related to forced labour and labour exploitation, for example.



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## S3 – Affected communities

### Material impacts, risks and opportunities related to affected communities

Material sub-sub-topic	Impacts	Risks and opportunities for Metsä Group	Management
<b>Communities' economic, social and cultural rights</b>			
<ul style="list-style-type: none"> <li>• Land-related impacts</li> <li>• Adequate housing</li> </ul>	↑	Metsä Group can contribute to social equality and consensus among different communities through systematic stakeholder engagement. The needs of local communities and other affected communities are taken into account in decision-making and the development of operations.	<ul style="list-style-type: none"> <li>• Operating model for stakeholder engagement</li> <li>• Consideration of stakeholder feedback in the sustainability materiality assessment</li> <li>• Metsä Group actively provides information about its operations and organises local public events on significant events such as investments.</li> <li>• In the localities of production units, local residents are offered greater opportunities for participation, and initiatives are made to improve the local quality of life.</li> <li>• Metsä Group's business model is based on the use of native tree species. The goal of regenerative forestry actions is to verifiably strengthen the state of nature by 2030.</li> <li>• Biodiversity plans will be drawn up for all mill sites in line with the principles of regenerative land use</li> </ul>
	↑	Metsä Group's production units and wood supply promote employment, livelihood and tax revenue, especially in small localities.	
	↓	Any negative environmental impacts of production units such as noise, odour or dust.	
	↓	Commercial forest use may affect the recreational use of forests compared to old-growth, natural or primary forests.	
<b>Rights of indigenous peoples</b>			
<ul style="list-style-type: none"> <li>• Free, prior and informed consent</li> <li>• Self-determination</li> </ul>	↑	Stakeholder engagement ensures that the needs of indigenous peoples and the conditions for their livelihoods are taken into account in decision-making and operational development.	<ul style="list-style-type: none"> <li>• In the home region of the Sámi, Metsä Group engages in local dialogue about the coordination of reindeer husbandry and forestry with key stakeholders such as forest owners and reindeer owners' associations. Communication with the Sámi is typically related to practical questions and conditions for operations.</li> <li>• The Sámi Parliament is included in the operating model for stakeholder engagement, which was introduced in 2024.</li> </ul>
	↓	In Northern Finland and Northern Sweden, wood supply has potential impacts on the ability of the Sámi to pursue their livelihood. Inadequate engagement would lead to the needs of indigenous peoples and the conditions for their livelihoods not being adequately considered in decision-making and operations.	
	↓	In Northern Finland and Northern Sweden, wood supply has potential impacts on the ability of the Sámi to pursue their livelihood. Inadequate engagement would lead to the needs of indigenous peoples and the conditions for their livelihoods not being adequately considered in decision-making and operations.	

↑ Positive impact on the environment and society or on Metsä Group's business  
 ↓ Negative impact on the environment and society or on Metsä Group's business

### Targets

Metsä Group's 2030 sustainability targets, and their setting and monitoring, are discussed in greater detail under *Sustainability governance and strategy* and *Material sustainability-related impacts, risks and opportunities*. The sustainability targets related to the environment and the supply chain's sustainability especially seek to directly or indirectly reduce the negative impacts of Metsä Group's operations or promote their positive impacts on affected communities. The goal of Metsä Group's regenerative forestry strategy is to measurably improve the state of nature by 2030. Furthermore, the goal of regenerative land use is to create operating models and methods for supporting biodiversity in the built environment.

The regenerative forestry strategy and regenerative land use are discussed under *E4 – Biodiversity and ecosystems*.

### The identification and assessment of material impacts, risks and opportunities

The material impacts on affected communities were identified in a human rights impact assessment, the results of which were included in the company's double materiality assessment. The identified impacts, risks and opportunities related to affected communities are presented in the table on page 94. The assessment of human rights impacts and the materiality assessment are discussed on pages 30–32.

The main communities affected by Metsä Group include forest owners, mill localities and local residents, the nature around the mills, and the people who earn their livelihood from it, as well as other interested parties such as indigenous peoples (the Sámi) and NGOs. In mill localities, Metsä Group's impacts on communities are directly caused by the company's own operations. In wood supply areas, the impacts are caused in the value chain. If realised, the impacts are by and large systematic, which is why the affected communities are considered in investment planning and in mill and wood supply operations. Individual impacts may occur during exceptional situations at mills, for example.

### Policies

Sustainability concerning affected communities is guided by the Code of Conduct and the Supplier Code of Conduct, which include commitments to human rights. In all its operations, Metsä Group respects internationally recognised human rights and in accordance with the UN Guiding Principles on Business and Human Rights, it is committed to rectifying any negative human rights impacts. In relation to affected communities, no confirmed incidents of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises have been brought to Metsä Group's attention. The Code of Conduct and the Supplier Code of Conduct are discussed in more detail under *S1 – Own workforce* and *S2 – Workers in the value chain*. In addition to the company's own workforce and workers in the value chain, the commitments concern all affected communities.

The principles of regenerative forestry and regenerative land use are key policies in increasing positive impacts among local communities, especially in owner-members' forests and in mill localities. The principles of regenerative forestry and regenerative land use are discussed in more detail under *E4 – Biodiversity and ecosystems*. Forest certification schemes also set out strict criteria for social sustainability. They include requirements for safeguarding the rights of indigenous peoples, for example. In and near the home region of the Sámi, Metsä Group requires wood suppliers to consider the Sámi culture and reindeer herding in their forestry measures through agreements and their own assurance. Wood suppliers are audited regularly.

The hearing of affected communities is guided by the production units' environmental permits and environmental management systems, among other things. These operating principles are discussed under sections *E1, E2, E3, E4* and *E5* and in this section under *Engaging with affected communities about impacts*.

Special attention is paid to affected communities in the operating model for stakeholder engagement. Metsä Group also strives to develop its operations by regularly surveying opportunities for cooperation.

### Engaging with affected communities about impacts

The goal of stakeholder dialogue is to ensure that stakeholders are met and heard, and that Metsä Group obtains feedback on its operations. Feedback is analysed, and it is taken into account in operational development and reported to senior management and administration. The operating model for stakeholder engagement is described on page 27. Stakeholder feedback is collected and reported centrally in Metsä Group twice a year. Each report defines actions for managing the weaknesses or negative

impacts of operations and for harnessing opportunities. In addition, the status and effectiveness of previously adopted actions are assessed.

The scope and frequency of engagement differs depending on the stakeholder. Metsä Group's Corporate Affairs unit aims to organise a bilateral meeting at least once a year with each stakeholder in a key position at the Group level. Other engagement mechanisms include cooperation days, the organisation of visits, and cooperation projects. No specific frequency for meetings with local communities has been defined at the Group level. Instead, engagement takes place in the form of open house events, investment projects, meetings with the authorities or feedback channels, for example. The company engages directly with community members such as the residents of mill locations or their representatives such as the local authorities.

Of indigenous peoples, the Sámi are affected by Metsä Group's operations especially in the context of wood supply. In the home region of the Sámi, Metsä Group engages in annual and needs-based dialogue about the coordination of reindeer husbandry and forestry with stakeholders such as forest owners and reindeer owners' associations and ensures locally that wood supply does not jeopardise the conditions for reindeer husbandry.

### Processes to remediate negative impacts and channels for affected communities to raise concerns

The implementation of large projects such as new production lines always includes an environmental impact assessment, carried out in advance, which also involves hearing local communities and other stakeholders. In addition, local communities have a statutory right to participate in the mills' environmental permit processes by submitting reminders and views on environmental permit applications, which are considered in the permit process. In other matters, the affected communities can raise concerns by directly contacting local operations through the production units' contact persons, Metsä Group's Communications or Corporate Affairs, for example. The feedback received is processed, a response is sent to the feedback provider, and the feedback is recorded in the HSEQ system as soon as possible. Open house events organised at production units are an established way of informing local residents and other interested parties about Metsä Group's operations.

To remediate any negative impacts, the company acts without delay and in close cooperation with the local and regional authorities. Social sustainability, including local communities and safeguarding the rights of indigenous peoples, has been taken into account in the requirements of forest certification and the Chain of Custody. In the case of any non-compliance with them, an investigation is launched in accordance with wood supply's due diligence system, and corrective action is taken if required. To remedy any environmental deviations, Metsä Group will introduce a voluntary nature compensation as part of regenerative forestry, which will overcompensate the harm to nature resulting from any non-compliance with legislation. The operating model ensures that corrective action linked to defective performance results in greater benefit than harm to nature. Nature compensation is applied in accordance with the Nature Conservation Act and Forest Act, which play a key role for biodiversity. The compensation model is being developed, and it will be applied to detected deviations retroactively from 2023. During 2025, an independent expert group will participate in determining the sites' nature

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hazards and compensation measures, and the operating model and its methods will be developed with future in mind.

### Compliance and Ethics Channel

Affected communities can also report any ethical concerns or non-compliance with legislation through Metsä Group's Compliance and Ethics Channel. In the Supplier Code of Conduct, the supplier commits to rectifying any non-compliance with the Code. The Compliance and Ethics Channel is described under *G1 – Business conduct*.

### Actions

In 2024, Metsä Group's operations did not cause severe human rights impacts, and no confirmed severe human rights issues or human rights violations related to the affected communities were brought to the company's attention. Incidents, complaints and severe human rights impacts are discussed under *S1 – Own workforce*.

Metsä Group began following its new operating model for stakeholder engagement in 2024. Metsä Group also organised its first cooperation day, which will become an annual event aimed at increasing cooperation among stakeholders. A wide range of representatives of Metsä Group's stakeholders, especially from the research sector, environmental and other organisations and think tanks, were invited to the event.

Actions for managing negative impacts and promoting positive impacts at mill locations include systematically reducing environmental impacts, engaging local communities and increasing initiatives that improve local cooperation and quality of life through better employment and recreational opportunities, for example. In wood supply, the local significant stakeholders are taken into account, and compliance with certification requirements is ensured.

In the next few years, a biodiversity plan will be drawn up for each Metsä Group production unit. The project began in 2023 in Kemi, which will serve as the pilot site, and where the biodiversity plan is being prepared in cooperation with an NGO that specialises in the biodiversity of the built environment. The plan encompasses nature-based solutions on the industrial site, as well as off-site land areas owned by the company, which are used by the town for recreational purposes. The goal is to raise the level of biodiversity protection in the built environment to a new level in mill environments and develop cooperation with local communities.

The regenerative forestry strategy is a solution that Metsä Group has been systematically developing to seriously address stakeholders' concerns about biodiversity loss and climate change. In addition to regenerative forestry, Metsä Group is promoting other actions such as the voluntary METSO forest conservation programme and its implementation. Metsä Group also funds restoration projects improving biodiversity through its nature programme. The regenerative forestry strategy is discussed under *E4 – Biodiversity and ecosystems*.

Among other things, Metsä Group's forest owner members are offered the Metsä Group Plus service, which enables greater attention to be paid to forest nature. Regenerative forestry offers forest owners the opportunity to transfer their forest assets to the next generation in a better natural state. Regenerative forestry and its development respond to NGOs' demands for the development of forest management to better safeguard biodiversity and mitigate climate change.

The costs for biodiversity plans in the reporting year are presented under *E4 – Biodiversity and ecosystems*. Metsä Group has not identified other significant operating or capital expenditure allocated to actions concerning affected communities.

## S4 – Consumers and end-users

### Material impacts, risks and opportunities related to consumers and end-users

Material sub-sub-topic	Impacts	Risks and opportunities for Metsä Group	Management
<b>Personal safety of consumers and end-users</b>			
Health and safety	↓ If Metsä Group's products were to exhibit defects related to product safety, there would be negative impacts on the health and safety of consumers and end-users.	↓ <b>Risk:</b> Metsä Group suffers reputational damage among current and potential new customers, consumers and end-users, and may incur liabilities for compensation and other costs related to the limitation of damage.	<ul style="list-style-type: none"> <li>• Metsä Group uses regular product safety surveys, inspections, risk assessments and monitoring.</li> <li>• Metsä Group has appropriate certified management systems.</li> </ul>
<b>Information-related impacts on consumers and end-users</b>			
Access to quality information	↓ If Metsä Group's products were to include misleading product information, there could be negative impacts on the health and safety of consumers and end-users.	↓ <b>Risk:</b> Metsä Group suffers reputational damage among current and potential new customers, consumers and end-users, and may incur liabilities for compensation and other costs related to the limitation of damage.	<ul style="list-style-type: none"> <li>• Metsä Group has established practices for ensuring that its product information is up to date and accurate.</li> <li>• The compliance of product information is controlled annually and through continuous change monitoring.</li> <li>• Product information and product requirements are controlled with the product information management system.</li> </ul>

↑ Positive impact on the environment and society or on Metsä Group's business

↓ Negative impact on the environment and society or on Metsä Group's business

### Targets

Product safety, human rights and respect for the environment are important themes for consumers and end-users. Metsä Group has yet to set a 2030 sustainability target specifically related to consumers and end-users. The company's internal targets and policies for ensuring the quality and compliance of operations and products have been defined in Metsä Group's Quality policy, the goals of which are described under *Policies*.

### The identification and assessment of material impacts, risks and opportunities

The material impacts concerning consumers and end-users were identified in a human rights impact assessment, the results of which were included in the company's double materiality assessment. The impacts, risks and opportunities concerning health and safety, and access to quality information identified in the double materiality assessment, are described in the table on page 97. Other impacts, risks and opportunities related to consumers were detected in the double materiality assessment. These are described under *E1 – Climate change*, *E4 – Biodiversity and ecosystems* and *E5 – Resource use and circular economy*. The assessment of human rights impacts and the materiality assessment are discussed on pages 30–32.

Users of products for hygiene, food contact and construction are among Metsä Group's key consumers and end-users. Product safety and easily available accurate product safety-related information are particularly important in construction products, paperboard products for food contact and products for hygiene use. The impacts are not systematic but are most likely related to individual incidents such as defects in individual products.

### Policies

Sustainability related to Metsä Group's consumers and end-users is guided by policies comprising Metsä Group's Code of Conduct, Supplier Code of Conduct, Quality policy and management systems approved by the

company's Board of Directors. The goal of policies is to minimise adverse environmental impacts, promote human rights and comply with the Code of Conduct, and thus demonstrate to consumers and end-users that the products are safe and sustainably produced. The policies indirectly encompass all consumer and end-user groups.

In all its operations, Metsä Group respects internationally recognised human rights, and in accordance with the UN Guiding Principles on Business and Human Rights, it is committed to rectifying any negative human rights impacts. In relation to consumers or end-users, no incidents of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises have been brought to Metsä Group's attention. The Code of Conduct and the Supplier Code of Conduct are discussed in more detail under *S1 – Own workforce* and *S2 – Workers in the value chain*.

Metsä Group's Quality policy defines the company's internal targets and policies for ensuring the quality and compliance of operations and products. The goal is to ensure product safety, and that the quality of the company's operations, products and services meets the needs and expectations of customers – and thus consumers and end-users. The Quality policy is owned by the President and CEO of Metsä Group, and its implementation is the responsibility of business areas' management teams, and in the case of matters concerning the entire Group, the Group's Executive Management Team.

### Health and safety

The Code of Conduct includes the commitment to ensure product safety across the value chain. In addition to traceable wood fibre, Metsä Group's other raw materials come from reliable suppliers, who are committed to complying with the Supplier Code of Conduct, and who meet the requirements for product safety.

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Metsä Group complies with legislation protecting the health of people and the environment, such as the EU regulation on the registration, evaluation, authorisation and restriction of chemicals (REACH), the CLP Regulation on classification, labelling and packaging, legislation on the use of biocides, and product requirements concerning food safety. The product management organisation of each business area is responsible for ensuring compliance with the requirements concerning Metsä Group's products and for ensuring that the product information is up to date.

Metsä Group's mills comply with good production practices and have appropriate certified quality systems. Mills that produce paperboard for use in food contact comply with the same product safety requirements as the food industry. The certified management systems of Metsä Group's units are listed in the table on pages 109–114.

**Access to quality information**

To ensure the quality of product management, product management organisations follow harmonised product management and product safety processes. The processes encompass product specification, the management of basic information, product descriptions and compliance documents, and the management of product requirements of customers and officials throughout the product life-cycle.

**Engaging with consumers and end-users about impacts**

As a rule, Metsä Group's customers are companies that interact with consumers and end-users in accordance with their own processes. Metsä Group does not have a process for directly communicating with consumers and end-users. Consumers and end-users can contact Metsä Group directly using the contact form available on each business area's website. A form for product complaints is available on the website of Metsä Group's tissue paper consumer brands. Product and customer feedback is handled by technical customer service. In some business areas, customer service or the production unit's quality manager participates in the handling.

Information about consumers' and end-users' wishes is collected by actively engaging with corporate customers. The company's continuous and needs-based engagement with customers is carried out through customer feedback forms and customer experience surveys, for example. Annual customer experience surveys are part of the assessment of customer needs and the identification of development needs. Engagement with customers, consumers and end-users is primarily handled by the sales organisation and partly by customer service.

Observations from customer engagement are discussed at sales meetings and at meetings of Metsä Group's senior management if required. The management of each business area is responsible for taking consumers' and end-users' needs and expectations into account in decision-making.

**Processes to remediate negative impacts and channels for consumers and end-users to raise concerns**

Contacts from corporate customers, consumers and end-users are handled and directed to the appropriate party to ensure a comprehensive response. Contacts concerning product feedback are used in product or product portfolio analyses, and they are taken into account in product and service development.

Any product complaints are investigated internally with the support of external parties such as research institutions if required. In the Group's processes for ensuring product quality, root cause analyses are carried out in the case of quality deviations, and any required corrective actions are taken. A standardised recall process is followed in the event of any product defects affecting consumer safety to ensure that all products potentially harmful to health are removed from the market and transports. In 2024, no Metsä Group products were recalled from consumers due to product safety. No incidents of non-compliance with legislation or regulation were reported concerning the company's marketing communications or product and service information and labelling.

**Compliance and Ethics Channel**

Consumers and end-users can use Metsä Group's Compliance and Ethics Channel to report any ethical concerns or non-compliance with legislation. The Compliance and Ethics Channel and the process for handling reports are described in greater detail under *GI – Business conduct*.

**Actions**

In 2024, Metsä Group's operations did not cause any severe human rights impacts, and no confirmed severe human rights issues or human rights violations related to consumers or end-users were brought to the company's attention.

Metsä Group's actions seek to mitigate negative impacts and produce positive impacts on consumers and end-users. As the actions are continuous and annual, no individual actions can be singled out in the reporting year or the coming years. Processes are developed in line with continuous improvement. Metsä Group has not identified significant operating or capital expenditure allocated to actions concerning consumers and end-users.

**Health and safety**

Product compliance is monitored with the product safety process, which includes raw material information management, compliance assessment and product testing, both internally and with external cooperation partners. In production, product safety is assessed and ensured with risk assessment methods such as the HACCP (Hazard Analysis and Critical Control Points), which is widely used in the food industry. The

quality and product safety systems specify how any concerns arising in risk assessments are handled. Metsä Group's management system also requires internal and external audits, including audits related to the certification of ISO systems.

Risks are always assessed in projects related to Metsä Group's new products and appropriately mitigated. Both current and future requirements and risks are considered in product development, which can be seen in raw material selection and process planning, for example. The product safety specialists of business areas continuously monitor developments in legislation and requirements.

Quality and safety are also monitored with the aid of reputation surveys, customer feedback and customer surveys. Metsä Group conducts quarterly monitoring and assessment of customer feedback related to negative impacts on consumers and end-users. Any negative impacts are classified as material in individual business areas based on the type code of the customer feedback. The type codes monitored include products' foreign objects, sensory properties, purity and wood thickness.

**Access to quality information**

Product information management processes include established practices to ensure the product information is compliant and up to date, and to correct any mistakes in the information. The organisations managing product information actively monitor the accuracy of the information. Metsä Group also has a separate internal control process that is applied in the management of product information. In accordance with the internal control process, product compliance is assessed once a year in all Metsä Group business units.

Product information is managed with Metsä Group's Product Information Management system, which was introduced in 2022 and is being developed to support new product information management needs.

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# G – Governance

## G1 – Business conduct

### Impacts, risks and opportunities related to business conduct

Impacts	Risks and opportunities for Metsä Group	Management
<b>Corporate culture</b>		
<p>↑ Metsä Group's measures to promote an ethical corporate culture offer employees a safe work environment and other stakeholders an opportunity for cooperation with an ethical and reliable operator.</p>	<p>↑ <b>Opportunity:</b> The employees' and other stakeholders' experience of Metsä Group and the company's reputation as an ethical and reliable operator strengthen.</p>	<ul style="list-style-type: none"> <li>Employees learn about ethical corporate culture during induction, and later during employment, through e-learning and classroom training, as well as through internal communication. Particular emphasis is placed on developing supervisors' grievance resolution skills through targeted training.</li> <li>Ethical corporate culture is measured with the ethics index based on the ethics statements included in the employee survey. The index indicates employees' experience of the ethics of our business.</li> <li>Metsä Group's Compliance and Ethics Channel is available to all external and internal stakeholders.</li> </ul>
<p>↓ Inadequate measures to commit employees to an ethical corporate culture could lead to non-compliance with the law or unethical business operations, as well as unequal treatment and harassment.</p>	<p>↓ <b>Risk:</b> Metsä Group incurs financial losses due to operations in breach of legislation. The company's reputation as a sustainable partner and operator weakens. Unequal treatment and harassment reduce the employees' job satisfaction and commitment.</p>	
<b>Corruption and bribery</b>		
<p>↑ Prevention and detection: Metsä Group's measures and control mechanisms for preventing corruption and bribery offer stakeholders the opportunity to cooperate with an ethical and reliable operator.</p>	<p>↑ <b>Opportunity:</b> The stakeholders' experience of Metsä Group and the company's reputation as an ethical and reliable operator strengthen, improving performance and competitiveness.</p>	<ul style="list-style-type: none"> <li>Employees are offered information about ethical corporate culture during induction, and later during employment, through e-learning and classroom training.</li> <li>In 2024, Metsä Group released its new anti-corruption principles that supplement its earlier guidelines.</li> <li>Metsä Group has appropriate internal controls, which are continuously developed.</li> <li>Ethical corporate culture is measured with the ethics index based on the ethics statements included in the employee survey. The index indicates employees' experience with the ethics of the business.</li> <li>Everyone can report grievances through the Compliance and Ethics Channel.</li> </ul>
<p>↓ Incidents: Inadequate measures and control mechanisms for preventing corruption and bribery could lead to corruption and bribery in violation of Metsä Group's Code of Conduct and legislation.</p>	<p>↓ <b>Risk:</b> Corruption and bribery have significant financial consequences and weaken the reputation and employer image.</p>	
<b>Management of relationships with suppliers including payment practices</b>		
<p>↑ Metsä Group's requirements and control mechanisms, as well as its sustainability cooperation with suppliers, have a positive impact on the realisation of ethical operations and sustainability in the supply chain.</p>	<p>↑ <b>Opportunity:</b> Metsä Group's reputation as a sustainable partner and operator improves. Cooperation with suppliers becomes stronger and leads to long partnerships.</p>	<ul style="list-style-type: none"> <li>Suppliers are required to commit to the Code of Conduct.</li> <li>Metsä Group follows due diligence in its selection of partners (Know Your Business Partner process).</li> <li>Joint sustainability targets and actions are agreed with partner-level suppliers.</li> <li>The company uses supplier assessments, surveys and audits, as well as risk analyses.</li> <li>Procurement employees are trained in matters concerning ethics and sustainability.</li> <li>Cooperation is close with local contract entrepreneurs in harvesting, transport and forestry work.</li> <li>The sustainability and traceability of wood fibre is ensured in accordance with the Chain of Custody.</li> <li>The traceability of other raw materials and packaging materials is continuously developed.</li> </ul>
<p>↓ If Metsä Group's requirements and control mechanisms were inadequate, this could lead to non-compliance with the law or the company's requirements in the supply chain.</p>	<p>↓ <b>Risk:</b> Metsä Group unintentionally supports operations contrary to its values, which risks Metsä Group's reputation as a sustainable partner. Relationships with suppliers weaken, leading to the loss of the best partnerships.</p>	
<p>↓ Inadequate training of the procurement employees or insufficient control mechanisms could cause unequal treatment of suppliers.</p>		
<b>Protection of whistle-blowers</b>		
<p>↓ Failure to protect the anonymity of whistle-blowers and confidentiality could lead to retaliation against whistle-blowers or the victim. No such incidents were recorded in 2024.</p>	<p>↓ <b>Risk:</b> Trust in the Compliance and Ethics Channel wanes, and suspected misconduct is no longer reported. Activities contrary to Metsä Group's values and Code of Conduct may not be detected. Unlawful activities may incur financial losses. The employees' job satisfaction and the employer image weaken.</p>	<ul style="list-style-type: none"> <li>Anonymous reports can be submitted through Metsä Group's Compliance and Ethics Channel.</li> <li>The reports are handled in confidence under the Compliance Committee's lead.</li> <li>Metsä Group is committed to protecting the rights and privacy of people who report breaches in good faith. These commitments have been confirmed in both the Code of Conduct and the Principles on non-compliance notifications and the related investigation, which have been updated to comply with the new requirements of the EU Whistleblowers Directive.</li> </ul>
<b>Political influence and lobbying activities</b>		
<p>↑ Through successful influencing and lobbying, Metsä Group can introduce views into social debate that promote the circular bioeconomy and highlight wood-based products as an alternative to plastic-based products, for example, and emphasise their role in climate change mitigation.</p>	<p>↑ <b>Opportunity:</b> Political operators recognise the potential of the circular bioeconomy and the role of forests and wood-based solutions in climate change mitigation, improving the conditions of Metsä Group's operations.</p>	<ul style="list-style-type: none"> <li>An ethical corporate culture and the Code of Conduct are put into practice through training and communication. The Code of Conduct includes Metsä Group's policies on matters such as gifts, hospitality, conflicts of interest, anti-corruption and fair competition. The anti-corruption principles published in 2024 supplement these guidelines.</li> <li>Influencing plans and key social messages are based on Metsä Group's and its business areas' strategies, reviews of the operating environment and surveys of regulatory risks.</li> <li>The progress and success of influencing activities are regularly reported to Metsä Group's management and Metsäliitto Cooperative's Board of Directors.</li> </ul>
<p>↓ If Metsä Group's key messages related to influencing and lobbying or the related ethical practices are not adequately implemented in the company, this may lead to influencing or lobbying that is inconsistent or in breach of the company's policies. The potential of the circular bioeconomy and wood-based products in climate change mitigation would not be harnessed in society.</p>	<p>↓ <b>Risk:</b> Metsä Group is unable to consistently introduce the key messages identified as being material to political discussion, which may, in the worst case, lead to the realisation of regulatory risks. Unethical forms of influencing and lobbying weaken Metsä Group's reputation as a responsible operator.</p>	

↑ Positive impact on the environment and society or on Metsä Group's business

↓ Negative impact on the environment and society or on Metsä Group's business

### Metsä Group's 2030 sustainability targets

	2030 target	2024	2023	2022
Ethics index	100	79	-	-
Traceability of raw materials, share of total purchases, %	100	93	93	92
Share of certified wood, %	>90	93	93	89
Suppliers' commitment to the Supplier Code of Conduct, share of total purchases, %	100	99.1	98.7	98
Supplier assessments and audits of core suppliers, %	100	70	57	42
Joint sustainability targets with partner suppliers, %	100	100	100	-

In 2024, ethics index monitoring was changed from actions-based to index-based, which is why no comparison years are available. As of 2023, the share of certified wood also includes external sales and storage in addition to wood delivered to Metsä Group's production units.

Metsä Group's strategic 2030 sustainability targets, and their setting and monitoring, are discussed in greater detail under *Sustainability governance and strategy* and *Material sustainability-related impacts, risks and opportunities*.

### Progress in targets

- **Ethics index** – The 2024 result is below target. From 2025, in addition to the trend in the ethics index, monitoring will focus on the progress made in development actions determined based on survey results. The target implementation rate for them is 100%.
- **Traceability of raw materials, share of total purchases** – The target remained at the previous year's level. To promote the traceability of raw material other than wood, information about the source or origin is collected with a product safety survey. In 2024, training was organised in Metsä Wood to expand the survey's use.
- **Share of certified wood** – The target set for 2030 was achieved in 2023. The certification target has been updated, and from 2025, the new target is 100%.
- **Suppliers' commitment to the Supplier Code of Conduct, share of total purchases** – Progress towards the 2030 target was as planned.
- **Supplier assessments and audits of core suppliers** – Significant progress was made in the target in 2024. EcoVadis sustainability assessments were widely adopted in procurement to evaluate suppliers. The number of supplier assessments also increased slightly from the previous year.
- **Joint sustainability targets with partner suppliers** – A sustainability target has been agreed with all current partner suppliers, which means the target has been achieved. In 2024, cooperation with partners continued in the form of more detailed target specification and plans – and with some suppliers, in implementation.

### The role of the administrative, management and supervisory bodies

The Compliance and Ethics programme is supervised by the Compliance Committee, composed of Metsä Group's directors in charge of legal affairs, internal audit, HR, and compliance and ethics. In 2024, the Compliance Committee convened six times. The Group's President and CEO annually participates in two meetings in the role of a non-ordinary member.

The agenda of each Audit Committee meeting includes a Legal & Compliance review, in which the Group's General Counsel reports on any significant legal and official processes and investigations. Once a year,

the director in charge of compliance and ethics presents a compliance and ethics review to the Audit Committee. The directors in charge of legal affairs, taxes, and compliance and ethics present a legal affairs, compliance and tax review twice a year to the CEO and CFO of each business area.

The Compliance Committee's role in investigating ethical concerns is described under Mechanisms for identifying, reporting and investigating concerns.

All the members of Metsäliitto Cooperative's Board of Directors have gained significant experience of good governance and corporate culture from their previous duties in operational management and/or as Board members in a listed company or another large corporation.

### The identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to governance and corporate culture have been identified in accordance with the company's risk management process. The process is described on pages 30–32.

The Know Your Business Partner process, supplier assessments and audits, the company's ethics index, and the Compliance and Ethics Channel are key elements in the identification, analysis and management of impacts, risks and opportunities related to governance and corporate culture.

### Policies

The sustainability of Metsä Group's business conduct is guided by applicable legislation, as well as the values, Metsä Group's Code of Conduct and various policies approved by the company's Board of Directors. As part of its Code of Conduct, Metsä Group is committed to operating in accordance with the UN Guiding Principles on Business and Human Rights and requires the same of its business partners. Since 2003, Metsä Group has supported the UN Global Compact and its principles on human rights, employees, the environment and anti-corruption. The owner of the Code of Conduct is the company's President and CEO, and the heads of business areas contribute to supervising the Code's implementation. The Compliance function takes care of compliance with legislation, the Code of Conduct, policies and internal guidance, trains personnel and ensures that policies are up to date in cooperation with policy owners.

In 2023, all Metsä Group's 16 policies were updated to comply with changes in legislation and the company's operating methods. Three of the policies are public, and 13 are internal to the company. The policies

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are mandatory, and all Metsä Group employees must comply with the principles and provisions they specify. Each policy sets out its targets, purpose, scope of application, responsible parties, and the decision-making and change process. All the Group’s employees are required to complete e-learning courses in the Code of Conduct and other key policies such as the Equality Policy, Personal Data Protection Policy and Information Security Policy every three years. The e-learning course in information security was revised in 2024. The e-learning course in the Code of Conduct includes Metsä Group’s key ethical principles and describes the best practices related to business sustainability through examples and exercises.

Depending on the employees’ duties, they are also required to complete e-learning courses related to other policies such as the antitrust, procurement, agreement and legal affairs policies. In 2024, a revised e-learning course in agreement and legal policy was launched and supplemented with classroom training in agreement law and with online and classroom training in the Know Your Customer process for all employees in sales and marketing. Workshops for local management dealing with diversity, equality and inclusion, which were launched in 2022, continued in 2024 (the workshops are discussed in more detail under *SI – Own workforce*). A section developing supervisors’ capability to address ethical grievances and encourage the reporting of grievances is included in the training offered to supervisors. Ethical operations and doing the right thing are also part of the induction of new white-collar employees and apprenticeship trainees.

The completion of e-learning courses and classroom training is regularly monitored by the Compliance Committee, which supervises the Compliance and Ethics programme, and the results are reported once a year to the Audit Committee of the company’s Board of Directors as part of the Compliance and Ethics review. The completion percentage of the Code of Conduct e-learning course is presented in the Completion of e-learning courses table.

The implementation and development of the culture of doing the right thing are measured with the ethics index, calculated based on the ethics statements in the employee survey, which measures the employees’ experience with ethics in the company’s operations. According to the most recent survey, conducted in 2024, financial misconduct, corruption, conflicts of interest, inappropriate influencing of partners’ decision making and data protection breaches are not considered material risks. The results of the ethics statements will be discussed at all sites by the end of January 2025. Each site will define development measures for 2025 to remedy the problems observed.

Corruption and bribery risks are assessed as part of Metsä Group’s risk management process. Of the company’s internal functions, sales and marketing, procurement and lobbying have been identified as those most susceptible to corruption and bribery. Measures for preventing corruption and bribery are described in more detail on page 104.

To ensure the sustainability of its suppliers, customers and other partners, Metsä Group follows third-party due diligence in its Know Your Business Partner process, in which the partner’s background is checked for any risks related to trade sanctions, corruption, money laundering, human rights violations, environmental offences and various other misconduct before a binding agreement is concluded, as well as during the

cooperation relationship by means of continuous monitoring. In 2024, the process was developed by automating background checks, harmonising processes, clarifying roles and responsibilities, providing training, and publishing new guidelines for background checks, the Know Your Business Partners principles. Relationships with goods and service suppliers are described in more detail on page 103.

Metsä Group discontinued its business in Russia due to Russia’s military aggression against Ukraine in 2022, including the Metsä Svir sawmill, wood supply and paperboard sales. Since the transaction was completed in 2024, the Group no longer owns anything in Russia.

**Mechanisms for identifying, reporting and investigating concerns**

The employees and stakeholders are encouraged to report any ethical concerns and non-compliance with the law related to Metsä Group’s operations. Observations can be reported to the supervisor, local management, HR and the Compliance Committee, or through Metsä Group’s Compliance and Ethics Channel, which is available on the company’s website in ten languages to all the company’s stakeholders. Reports can be made anonymously. The channel’s technical implementation is handled by an external service provider.

The employee survey’s ethics statements and open feedback are used to monitor the effectiveness of the Compliance and Ethics Channel and other reporting methods for reporting and handling concerns. In addition to e-learning courses, awareness of the Compliance and Ethics Channel is promoted by improving the channel’s visibility with posters supplied to production units and in the supplier network used to manage supplier cooperation. Moreover, satisfaction with and awareness of engagement methods are assessed as part of supplier surveys. No separate assessment is currently conducted of the downstream value chain’s, affected communities’ or consumers’ and end-users’ awareness of and confidence in reporting methods or the effectiveness of reporting methods among these groups.

Every breach or violation, and suspected breach or violation, of which the company becomes aware is investigated. The investigation is supervised by the Compliance Committee. The committee is tasked with monitoring the consistent application of the consequences of the investigations in cases of equal gravity. Corrective actions must be adequate as described in the company’s Code of Conduct and the Principles on non-compliance notifications and the related investigation. Any illegal activities are reported to the authorities. Neither the person investigated nor their supervisor participates in the investigation of the breach or suspected breach. If called for by the significance of the breach under investigation, the Compliance Committee reports the incident to Metsä Group’s President and CEO and the management and Board of Directors of the Group company in question at a regular meeting, or immediately if required.

The cases are divided into the following categories: fraud or other criminal behaviour; corruption and bribery; competition law; conflicts of interest; employee matters; discrimination or harassment; privacy and information security; occupational safety; the environment; breaches of the Supplier Code of Conduct; and other reports. Crimes against the Group and such attempts are also taken into account in the number of reports.

In 2024, one confirmed incident related to bribery or corruption was brought to the company’s attention, and it led to the termination of one employee’s employment relationship and one supplier’s contract. A report of an offence was made on the incident. In addition to the principle of continuous development followed in the company’s Compliance & Ethics programme and the anti-corruption principles published in 2024, the company decided to conduct a survey of bribery and corruption risk in 2025.

In 2024, Metsä Group was made aware of incidents that may have had a direct or indirect negative impact on the Group’s human rights responsibilities. Incidents concerning the company’s own workforce are discussed under *S1 – Own workforce*. Incidents concerning the occupational safety and other work-related rights of suppliers’ employees are discussed under *S2 – Workers in the value chain*. None of the incidents reported to the company concerned forced labour or child labour.

The changes required by the EU Whistleblowers Directive (EU 2019/1937) in Metsä Group’s operating countries have been taken into account in the Compliance and Ethics Channel, the investigation of reported incidents, and the protection of whistleblowers over the 2022–2024 period as local legislation in EU Member States has entered into force. The company is committed to fairly investigating all reports submitted in good faith and adopting the required actions based on the investigation and its results. The company is also committed to protecting the rights and privacy of people who report breaches in good faith. These commitments have been confirmed in the company’s Code of Conduct and the Principles on non-compliance notifications and the related investigation, which have been updated to meet the requirements of the Whistleblowers Directive. The Compliance Committee defines the required actions to ensure that the prohibition of countermeasures and the prevention of reporting is followed. Whistle-blowers are requested to immediately report if they suspect any countermeasures. The prohibition of countermeasures and the role of communication is emphasised in the investigation of incidents. In cases involving a higher risk of countermeasures, a follow-up contact will be organised if required. In 2024, no cases of countermeasures against whistle-blowers were brought to the company’s attention.

**Relationships with goods and service suppliers**

**Supplier management practices**

Metsä Group’s wood supply is ensured by Metsä Group’s Wood Supply and Forest Services. The procurement of other raw materials and services is centrally handled by Group services. The goal of the wood supply processes and Group-wide procurement process for other materials and services is to ensure that the Group’s supply chain partners operate sustainably. This aims to minimise risks related to the environment, health, corruption, the use of child labour and human rights violations in the supply chain.

As a minimum requirement in supplier selection, suppliers are required to commit to the Metsä Group Supplier Code of Conduct or their own equivalent principles and to pass the background checks. Agreements

may also include more specific sustainability requirements related to occupational safety, product safety or environmental management, for example. These requirements apply to industrial wood suppliers and intermediaries in wood supply and other raw material and service providers.

To ensure the sustainability of suppliers, Metsä Group follows third-party due diligence in its Know your Business Partner background check, which is described under Policies.

**Wood supply**

Metsä Group uses wood from forests in Northern Europe as its main raw material. Metsä Group has wood supply organisations in Finland, Sweden and Latvia. The company works in close cooperation with local contract entrepreneurs in harvesting, transport and forestry work. Metsä Group itself procures all the wood used in its production units. Wood is also supplied to selected customers. All the countries from which wood is procured have issued legislation requiring forests to be renewed after regeneration felling. Wood and pulp account for 93% of raw material consumption, measured in weight. The origin of purchased pulp is known.

Metsä Group requires wood suppliers to commit to wood sustainability requirements with an agreement, chain of custody certificate and their own assurance, which includes environmental and sustainability requirements, and obligations for the wood supplier and forest owner.

The sustainability and traceability of wood are ensured by practices that meet the requirements of the EU Deforestation Regulation (EUDR), PEFC Chain of Custody and FSC Chain of Custody. In 2024, Metsä Group updated its due diligence system to comply with the requirements of the EU’s Deforestation Regulation. Metsä Group annually assesses these practices with internal and third-party audits. The audits focus on matters related to environmental and social responsibility in the operations of wood suppliers and harvesting contractors, as well as on the traceability of wood fibre. Metsä Group aims for certified wood to account for at least 90% of all the wood used by the company by 2030. The share of certified wood in 2024 is presented under *Metsä Group’s 2030 sustainability targets*. Non-certified wood is also required to be of a sustainable origin, and the wood always meets at least the requirements for PEFC Controlled Sources and FSC Controlled Wood.

**Procurement of other raw materials and services**

In addition to the Know Your Business Partner background checks, more detailed supplier assessments focus on the core suppliers and on suppliers operating in industries with identified potential risks related to human rights, corruption or the environment. Risk assessments and supplier surveys are analysed using Metsä Group’s own analyses and, since 2023, EcoVadis analyses, leading to a significant increase in supplier assessments compared to previous years. Metsä Group, an external HSEQ cluster and, if required, another third party also conduct supplier audits annually. Assessments and audits are used as the basis for making development proposals and monitoring any corrective action taken. The results of supplier assessments and audits are the responsibility of a third party or a Metsä Group employee who is not responsible for suppliers. In

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2024, no serious deviations were detected in supplier assessments and audits.

To ensure the equal treatment of suppliers, the procurement employees are trained to disqualify themselves in decisions that may involve conflicts of interest. A written commitment to this is required in the procurement process. Approximately every two years, suppliers can respond to an anonymous survey concerning the smoothness and fairness of cooperation and factors contributing to these matters. The survey results are submitted to the suppliers, and measures to improve procurement practices are adopted based on them. The procurement employees have annual financial performance targets related to matters such as conducting supplier sustainability assessments and monitoring improvements proposed by suppliers.

In 2024, sustainability themes were discussed in the procurement academies organised for procurement and logistics employees. In addition, training on the use of EcoVadis supplier assessments to ensure a sustainable supply chain was offered to employees.

Metsä Group's goal is to agree joint sustainability targets and measures to achieve them with all its partner suppliers. The management of environmental impacts in cooperation with suppliers is discussed in greater detail under *E1 – Climate change*. Another target is to know the origin, or at least the country of manufacture, of all the raw materials, including wood, and process, basic, and coating chemicals, and packaging materials by the end of 2030.

Annual monitoring of suppliers and raw materials ensures that Metsä Group's products comply with statutory and Metsä Group's own stringent product safety requirements. Product safety is discussed in greater detail under *S4 – Consumers and end-users*.

### Wood supply by country, %

	2024	2023
Finland	84	86
Sweden	10	8.1
Baltic countries	5.0	5.4
Others	0.8	0.6

### New supplier background checks, %

	2024	2023
Share of suppliers for which a Know Your Business Partner background check was made	90	89

## Prevention and detection of corruption and bribery

The Code of Conduct, which guides business sustainability, prohibits corruption and bribery. It also includes principles for avoiding conflicts of interest, crucially linked to anti-corruption, and principles on gifts and hospitality. In 2024, the company released its new anti-corruption principles that supplement the Code of Conduct. Metsä Group is committed to anti-corruption and anti-bribery in its own operations and in relation to its partners. A similar prohibition is included in Metsä Group's Supplier Code of Conduct. Anti-corruption and anti-bribery efforts contribute to Metsä Group's 2030 sustainability targets concerning a responsible corporate culture and supply chain.

The following are the main measures for preventing and detecting corruption and bribery:

- Training in the Code of Conduct and other policies guiding Metsä Group's operations (discussed in greater detail under *Completion of e-learning courses*).
- The new anti-corruption principles published in 2024 and related communication.
- The ethics index used to measure the employees' experience of ethics in business and to identify areas of development (further details under *Metsä Group's 2030 sustainability targets*).
- The Compliance and Ethics Channel, which is available to all internal and external stakeholders. A standard process has been defined for processing reports (discussed in greater detail under *Mechanisms for identifying, reporting and investigating concerns*).
- Due diligence in ensuring the sustainability of partners, and the required background checks (third-party due diligence) as part of the Know Your Business Partner process (discussed in greater detail under *Policies*).
- Continuous development of ethical operations in the supply chain. The key measures in this respect include supplier commitment to the Supplier Code of Conduct in line with the 2030 sustainability targets, as well as supplier audits and assessments (discussed in greater detail under *Relationships with goods and service suppliers*).

### Completion of e-learning courses

	2024	2023
<b>CODE OF CONDUCT</b>		
Number of employees who completed the Code of Conduct training	9,542	9,177
Share of all employees who have completed the Code of Conduct training, %	98	96
Share of Board members who have completed the Code of Conduct training, %	100	100

### DIVERSITY, EQUALITY AND INCLUSION

Number of employees who have completed DEI training	9,349	9,101
Share of all employees who have completed DEI training, %	96	95

### SUSTAINABILITY

Number of employees who have completed Sustainability training	9,240	7,784
Share of all employees who have completed Sustainability training, %	95	82

## Incidents of non-compliance with good governance or ethical corporate culture

	2024	2023
<b>COMPLIANCE WITH LAWS AND REGULATIONS</b>		
Significant incidents of non-compliance resulting in a fine (more than EUR 10,000)	0	0
Amount of fines paid in the reporting year for incidents in previous reporting years	0	0
<b>CORRUPTION OR BRIBERY</b>		
Confirmed incidents of corruption or bribery	1	0
Confirmed incidents in which the company's own workforce have been given notice or sanctioned with disciplinary measures due to an incident linked to corruption or bribery	1	0
Confirmed incidents in which a business agreement has been terminated or has not been renewed due to a case linked to corruption or bribery	1	0
Public legal cases regarding corruption or bribery brought against the company and its own workers	0	0
Number of judgments issued in corruption or bribery cases	0	0
Amount of fines issued in corruption or bribery cases	0	0

## Political influence and lobbying activities

Metsä Group participates in advocacy at the EU and national levels, especially in Finland, Sweden and Germany. Metsä Group's parent company Metsäliitto Cooperative is registered in the EU's Transparency Register and complies with its code of conduct. Its member number in the Transparency Register is 962687110415-94 and in the Finnish Transparency Register MET-24-399-R. Two members of Metsäliitto Cooperative's Board of Directors have held public-sector posts similar to their current duties in the last two years.

The Board of Directors of Metsä Group's parent company Metsäliitto Cooperative ensures that the Group has an appropriate corporate affairs function in view of its business. The President and CEO of Metsä Group, supported by the Executive Management Team, determines the priorities of political influence for all the Group's business operations and monitors the progress made in them. Metsä Group's Corporate Affairs function coordinates practical influence work, handling cooperation among the Group's business operations and other functions, and reporting the work's progress and effectiveness to Group management and the Board of Directors.

To identify the most significant legal risks and priorities of lobbying, Metsä Group conducted a comprehensive assessment of regulatory risks, covering all the business areas, in 2022. These risks have also been considered in Metsä Group's double materiality assessment.

Metsä Group follows and participates in discussions about forests and biodiversity and influences policy questions related to the bioeconomy and products. Metsä Group has actively influenced several legal initiatives in the EU, including the deforestation regulation, nature restoration regulation, packaging and packaging waste regulation, and sustainable product policy.

Metsä Group promotes the circular bioeconomy and emphasises the role of forests and wood-based products in climate change mitigation, and the

safeguarding of biodiversity. Metsä Group is committed to the principles of regenerative forestry, which aim to verifiably strengthen the state of forest nature by 2030. Metsä Group seeks to increase understanding of regenerative forestry and the role of renewable carbon. Statements on these themes are available on Metsä Group's website. Metsä Group supports the EU's environmental targets and the 2050 climate neutrality target. The Group also seeks to increase understanding of the role of fresh fibres in product safety and efficient recycling processes. Furthermore, the Group promotes the benefits of fresh-fibre food packaging, including environmental and health aspects.

### Metsä Group's main advocacy messages are as follows:

1. Sustainable forest use, including regenerative forestry, creates wellbeing broadly across society. Sustainable forest management mitigates climate change and safeguards biodiversity.
2. In addition to Metsä Group's own voluntary nature restoration measures, the company promotes national voluntary restoration programmes in Finland: METSO; Helmi; and NOUSU.
3. The EU must reduce its dependence on fossil-based raw materials in the energy and materials sectors. Biological carbon sinks should not be used to compensate fossil-based emissions.
4. The EU should pay more attention to the opportunities offered by biogenic carbon capture and use, and encourage operators to adopt measures promoting it. However, this should not be mandatory.
5. Fresh fibre is a renewable raw material for the circular economy and forms the basis of new bioeconomy business networks. Metsä Group uses every part of the tree for the purpose generating the highest added value.
6. The forest industry makes nearly full use of its production side streams, which are valuable raw materials for Metsä Group's business partners. Forest industry side streams, for which no purpose in materials production has yet been identified, are used to generate renewable energy. Metsä Group generates around a fifth of Finland's renewable energy.
7. Renewable energy targets should not be based on the direct energy use of convertible wood biomass.
8. In energy generation, solutions that are not based on burning must be developed without delay to save valuable wood raw material for use as material in purposes offering higher added value.
9. Europe's economic resilience must be strengthened. The forest and bio-based industry should be made an indispensable part of the EU's geopolitical strategy.
10. It is crucial to combine sustainable carbon cycles and the role of the circular bioeconomy with security of supply and geopolitics.
11. A consistent and predictable regulatory framework that enables the development of a European bioeconomy and innovation and invests in the forest industry's future benefits both people and the planet.
12. A comprehensive approach is required to laws that influence forestry practices and the availability of wood raw material as part of the joint production of forest-based ecosystem services.
13. EU legislation must consider the wide range of natural ecosystems and vegetation zones across the EU.

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**Cooperation with trade and industrial organisations**

Metsä Group is an active member of the Confederation of European Paper Industries (Cepi), which represents the forest industry producing fibre-based products across Europe. Representatives of Metsä Group actively participated in the work of Cepi’s committees and working groups. Metsä Group’s business areas are involved in several consortia, organisations and advocacy organisations.

Metsä Board has representatives in the 4evergreen alliance’s steering group and team of public relations experts. It is also an active member of 4evergreen, which represents the entire value chain of fibre-based packaging and has set as its target raising the recycling rate of fibre-based packaging to 90% by 2030. Metsä Board is also involved in the activities of the European Paper Packaging Alliance (EPPA). The alliance promotes the sustainability of wood fibre-based food and food service packaging and the circular economy.

Metsä Tissue participates in the European Tissue Symposium, which represents European tissue paper producers.

Metsä Wood and Metsä Fibre participate in the activities of Finnish and European wood industry associations (Federation of the Finnish Woodworking Industries, CEI-Bois).

Metsä Spring is an active member in the Biobased Industries Consortium (BIC), a non-profit organisation that represents the private sector in the Circular Bio-based Europe Joint Undertaking (CBE JU) supervised by the European Commission. The CBE JU focuses on supporting research and innovation in the bio-based circular economy in Europe.

Metsä Group is also involved in several national trade and industrial organisations, most importantly the Finnish Forest Industries Federation, Swedish Forest Industries in Sweden and Die Papierindustrie, a paper organisation in Germany.

In 2024, Metsä Group paid a total of EUR 3.5 million in membership fees to trade and industrial organisations. Metsä Group does not make direct political contributions. Metsä Group may participate in seminars that deal

with the forest industry or forest policy. In the reporting year, seminar tickets were acquired for approximately EUR 13,000.

- Key memberships in consortia, organisations and advocacy groups
- Biobased Industries Consortium (BIC)
- BusinessEurope’s guidance and support group for companies
- CEI-Bois
- Die Papierindustrie (DPI)
- Ellen MacArthur Foundation
- EPPA (Metsä Board) European Paper Packaging Alliance
- Confederation of European Paper Industries (Cepi)
- 4evergreen association
- European Tissue Symposium (ETS)
- Forest-based Sector Technology Platform (FTP)
- Forest Stewardship Council (FSC) – FSC International and FSC Finland
- International Chamber of Commerce (ICC) – Finland Chamber of Commerce
- Finnish Forest Industries Federation
- Programme for the Endorsement of Forest Certification (PEFC) International
- Federation of the Finnish Woodworking Industries
- Skogsindustrierna

**Payment practices**

The average time it takes for Metsä Group to pay an invoice from the date when the contractual or statutory term of payment calculation begins is 49 days (including purchases other than those of Metsä Group Wood Supply and Forest Services) and 2 days for Wood Supply and Forest Services’ payments to entrepreneurs. The standard payment term in Metsä Group’s general terms and conditions for purchases is 60 days net. However, this can be reconsidered individually in the case of smaller suppliers, for example. Of Metsä Group’s payments, 93% are made within 60 days.

Metsä Group is not party to any legal proceedings due to late payments.

**Key figures by business area**

	Wood supply and forest services		Metsä Wood		Metsä Fibre		Metsä Board		Metsä Tissue	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Reports related to unethical behaviour	33	20	29	26	39	49	22	17	57	22
Reports related to unethical behaviour resulting in a full-scale investigation	12	6	8	7	12	21	13	4	19	5
Confirmed incidents of corruption or bribery	0	0	0	0	0	0	0	0	1	0
Share of all employees who have completed the Code of Conduct training, %	99.6	99.0	98	95	98	96	99.2	98	97	95
Share of all employees who have completed DEI training, %	98	98	97	97	97	96	98	98	93	91
Share of all employees who have completed Sustainability training, %	98	89	96	81	97	86	98	86	90	74

**Reporting principles for metrics**

The calculation of the ethics index is based on the ethics statements included in the annual employee survey. All Metsä Group employees can respond to the survey. Responses are collected on a scale of 1–4 (fully disagree/agree), and an external service provider converts the responses to an index on a scale of 0–100 (100 = everyone fully agrees).

The supplier commitment to the Supplier Code of Conduct indicates the share of all purchases made from suppliers committed to the Metsä Group Supplier Code of Conduct or their own equivalent codes. The figure does not cover the authorities, associations or wood supply. Supplier assessments and audits of core suppliers cover the approximately 600 partner, key and preferred suppliers in accordance with the supplier classification. The target does not include wood supply operators. The joint sustainability targets with partner suppliers applies to the eight partner suppliers agreed in connection with Metsä Group’s supplier classification. The figure does not include wood supply, but partner suppliers include other suppliers of Metsä Group’s Wood Supply and Forest Services.

The target of traceable raw materials includes the raw materials used in product production and product packaging materials. The target’s calculation is based on the value of the raw materials in euros. A raw material that is traceable at least to the level of country of manufacture is considered traceable. In 2023, raw material traceability was revised retroactively due to a calculation error from 94% to 93%.

The share of certified wood indicates the share of purchased certified wood of all the wood purchased by Metsä Group. The chip deliveries from the company’s own industries are not included in the calculation to avoid double counting.

In the completion rate of the Code of Conduct, DEI and Sustainability e-learning courses, the divisor is the number of active employees at the time of reporting. In other words, employees absent on family leave or for other reasons are not included in the calculation.

The percentages for 2023 wood supply per country have been revised retrospectively due to a calculation error. The figure for Finland was revised from 89% to 86%, the figure for Sweden from 7.3% to 8.1%, the figure for the Baltic countries from 3.8% to 5.4%, and the figure for other countries from 0.2% to 0.6%.

As Metsä Group does not make direct donations to political purposes in cash or in kind, the monetary value of in-kind benefits is not estimated.

The figures for payment practices do not account for raw wood purchases from forest owners or industrial suppliers. The payment term has been calculated as a weighted average based on the supplier invoices paid in the review period. The total value of the invoice is used in weighting.

The metrics have not been validated by an external party.

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## Annexes to the Sustainability statement

### Annexes

The annexes published at the same time as the Sustainability statement include

**1) Separate annexes:**

- Disclosures in accordance with the TCFD and TNFD recommendations\*

**2) Data on pages 109–114 of the Sustainability statement:**

- Sustainability key figures per business area and production units\*\*

\* TCFD and TNFD information does not come under the scope of assurance.

\*\* Mill-specific figures have not been separately assured. They have been assured at the business area or group level by a third party as part of Metsä Group's Sustainability statement's limited assurance.

## Key sustainability figures by business area

### 2030 sustainability targets per business area

Target	2030 target	Wood Supply and Forest Services		Metsä Wood		Metsä Fibre		Metsä Board		Metsä Tissue	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>E – ENVIRONMENT</b>											
<b>1. Safeguarding biodiversity and the ecological sustainability of forest use</b>											
Retention trees on regeneration felling sites, %	100	97	96	-	-	-	-	-	-	-	-
High biodiversity stumps on harvesting sites, %	100	98	92	-	-	-	-	-	-	-	-
Spruce as the only tree species after young stand management, %	0	26	25	-	-	-	-	-	-	-	-
Measures promoting biodiversity, number	10,000	6,586	816	-	-	-	-	-	-	-	-
<b>2. Mitigating climate change and reducing emissions</b>											
Energy efficiency index, base year 2018	90	-	-	112	109	Pulp: 111 Sawmills: 109	Pulp: 102 Sawmills: 106	99,1	106	101	99,4
Fossil-based carbon dioxide emissions (Scope 1 + Scope 2 market-based), t	0	-	-	4,027	67,068	140,390	159,510	251,708	183,600	383,744	399,007
Fossil-free raw materials and packaging materials, share of dry tonnes, %	100	-	-	96	96	100	100	98,9	98,8	98	98
Amount of forest regeneration and young stand management from the 2018 level, %	+30	18	14	-	-	-	-	-	-	-	-
Amount of forest fertilisation from the 2018 level, %	+50	-22	-26	-	-	-	-	-	-	-	-
Share of continuous cover forestry in peatland forest regeneration, %	30	15	17	-	-	-	-	-	-	-	-
Amount of carbon stored in wood products from the 2018 level, %	+30	-	-	-9,0	-10	-30	-24	-	-	-	-
<b>3. Resource efficiency and sustainable production</b>											
Reduction in process water use per produced tonne from the 2018 level, %	-35	-	-	-	-	-13	-3,7	-11	3,5	1,1	0,1
Process waste delivered to landfills, t	0	-	-	0	0	14,338	14,924	267	1,164	91	119
<b>S – SOCIAL RESPONSIBILITY</b>											
<b>4. Respecting everyone and doing the right thing</b>											
Anonymous recruitment for vacancies open to all, %	100	99,0	87	100	98	100	79	99,2	72	97	77
Women in management positions, %	>30	0	0	13	15	19	19	23	21	16	16
<b>5. Promoting safety and wellbeing at work</b>											
Total recordable incident frequency, own employees (TRIF)	0	5,8	5,4	8,7	12	9,9	8,9	3,4	6,1	3,2	2,2
Employee commitment	AAA	AA	AA	A	A	A+	A+	A+	A+	A+	A+
<b>G – GOVERNANCE</b>											
<b>6. Innovation and open-minded cooperation and 7. The significance of forest-based bioeconomy to society</b>											
Ethics index	100	80	-	78	-	77	-	79	-	80	-
Traceability of raw materials, share of total purchases, %	100	100	-	88	86	96	95	97	97	89	87
Share of certified wood/wood fibre, %	>90	93	93	-	-	-	-	92	91	-	-
Suppliers' commitment to the Supplier Code of Conduct, share of total purchases, %	100	99,3	98,8	98,8	98,5	99,5	98,8	99,0	99,0	99,0	98,5
Supplier assessments and audits of core suppliers, %	100	75	69	74	62	77	66	79	68	69	57

Targets will be reached by the end of 2030. For example, fossil fuels will be abandoned by 31 December 2030. Metsä Group's target of "0 accidents at work" also applies to service suppliers. In future, service suppliers will be included in the performance figure. The targets for different topics are described in greater detail in the topic-specific sections of this Sustainability statement.



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## Wood Supply and Forest Services

Country	Finland	Sweden	Estonia <sup>1)</sup>	Latvia	Others	Total
<b>EMPLOYEES</b>						
Number of employees	657	3	0	34	0	<b>694</b>
TRIF	6.3	0	0	0		<b>5.8</b>
LTAIF	5.4	0	0	0		<b>5.0</b>
<b>WOOD SUPPLY</b>						
1,000 m <sup>3</sup>	24,587	3,029	707	727	260	<b>29,310</b>
<b>MANAGEMENT SYSTEM</b>						
ISO 9001	x	x	x	x		
ISO 14001	x	x	x	x		
ISO 45001	x	x	x	x		
<b>CHAIN OF CUSTODY</b>						
PEFC	x	x	x	x		
FSC	x	x	x	x		

<sup>1)</sup> The wood supply business in Estonia was divested in 2024.

## Metsä Wood

Mill	Pärnu	Lohja	Punkaharju	Suolahti	Äänekoski	Boston	King's Lynn	Widnes <sup>1)</sup>	Others	Total
Country	Estonia	Finland	Finland	Finland	Finland	United Kingdom	United Kingdom	United Kingdom		
<b>EMPLOYEES</b>										
Number of employees	225	149	488	361	45	264	40	0	128	<b>1,700</b>
TRIF	15	0	11	4.5	0	14	0	26		<b>8.7</b>
LTAIF	12	0	10	4.5	0	14	0	0		<b>7.5</b>
<b>PRODUCTION, 1,000 m<sup>3</sup></b>										
Wood products	Plywood	Kerto LVL	Kerto LVL and plywood	Plywood	Veneer	Further processing	Further processing	Further processing		
Production	39	78	200	102	59	163	85	7.9		<b>734</b>
<b>MANAGEMENT SYSTEM</b>										
ISO 9001	x	x	x	x	x	x	x	x		
ISO 14001	x	x	x	x	x	x	x	x		
ISO 45001	x	x	x	x	x	x	x	x		
ISO 50001	x	x	x	x	x					
<b>CHAIN OF CUSTODY</b>										
PEFC	x	x	x	x	x	x	x	x		
FSC	x	x	x	x	x	x	x	x		
<b>EMISSIONS TO AIR, t</b>										
Biogenic carbon dioxide (CO <sub>2</sub> ), Scope 1	0	28,388	83,685	88,374	0	0	0	0		<b>200,446</b>
GHG emissions (CO <sub>2</sub> e), Scope 1	0	2,591	1,250	1,336	0	568	216	75		<b>6,035</b>
Sulphur (SO <sub>2</sub> )	0	1.1	1.9	0.2	0	0	0	0		<b>3.2</b>
Nitrogen oxides (NO <sub>x</sub> )	0	17	91	81	0	0	0	0		<b>189</b>
Particles	0	2.4	2.3	14	0	0	0	0		<b>19</b>
<b>EMISSIONS TO WATER, t</b>										
Chemical oxygen demand (COD)	0	1.7	52	1.6	0	0	0	0		<b>55</b>
Biological oxygen demand (BOD)	0.01	0.01	29	3.7	0.007	0	0	0		<b>33</b>
Phosphorus, total	0.001	0.001	0.005	0.01	0	0	0	0		<b>0.018</b>
Nitrogen, total	0	0	0.05	0.03	0	0	0	0		<b>0.1</b>
Suspended solids, total	0.01	0.01	0.3	0.4	0.007	0	0	0		<b>0.8</b>
<b>WATER USE, 1,000 m<sup>3</sup></b>										
Water withdrawals	5.8	140	258	1,084	20	0	0.4	0		<b>1,507</b>
Wastewater discharges	12	12	35	44	8.0	0	0	0		<b>112</b>
<b>WASTE AND SIDE STREAMS, t</b>										
Utilised side streams and waste	24	512	1,694	12,539	73	909	152	40		<b>15,943</b>
Landfill waste	0	0	2.0	20	26	0	0	0		<b>48</b>
Hazardous waste	124	300	283	245	1.0	0	0	0		<b>953</b>

<sup>1)</sup> The Widnes upgrading business was discontinued during 2024.

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## Metsä Fibre

Mill	Joutseno	Kemi	Rauma	Äänekoski	Lappeenranta	Merikarvia <sup>1)</sup>	Rauma	Renko	Vilppula	Others	Total
Country	Finland	Finland	Finland	Finland	Finland	Finland	Finland	Finland	Finland		
<b>EMPLOYEES</b>											
Number of employees	192	308	188	281	68	2	114	78	106	202	<b>1,539</b>
TRIF	3.4	11	9.7	6.3	8.5	0	5.7	31	41		<b>9.9</b>
LTAIF	3.4	9.3	9.7	6.3	8.5	0	5.7	15	23		<b>7.6</b>
<b>PRODUCTION</b>											
Chemical pulp (1,000 t)	448	597	541	1,034							<b>2,619</b>
Sawn timber (1,000 m <sup>3</sup> )					183	41	360	241	441		<b>1,266</b>
<b>MANAGEMENT SYSTEM</b>											
ISO 9001	x	x	x	x	x		x	x	x		
ISO 14001	x	x	x	x	x		x	x	x		
ISO 50001	x	x	x	x	x		x	x	x		
ISO 45001	x	x	x	x	x		x	x	x		
ISO 22000	x	x	x	x							
<b>CHAIN OF CUSTODY</b>											
PEFC	x	x	x	x	x	x	x	x	x		
FSC	x	x	x	x	x	x	x	x	x		
<b>EMISSIONS TO AIR, t</b>											
Biogenic carbon dioxide (CO <sub>2</sub> ), Scope 1	1,061,359	1,894,779	1,236,977	2,964,563	22,290	9,713	0	25,599	73,780		<b>7,289,059</b>
GHG emissions (CO <sub>2</sub> e), Scope 1	40,775	19,966	88,426	62,904	226	492	0	643	1,467		<b>214,898</b>
Sulphur (SO <sub>2</sub> )	46	22	27	30	1.0	0.04	0	2.0	6.0		<b>135</b>
Nitrogen oxides (NO <sub>x</sub> )	783	1,054	775	1,793	26	7.3	0	18	46		<b>4,502</b>
Particles	93	36	112	63	0.8	5.5	0	4.0	7.0		<b>321</b>
Reduced sulphur compounds (TRS)	15	4.2	18	9.3	0	0	0	0	0		<b>46</b>
<b>EMISSIONS TO WATER, t</b>											
Adsorbable organic halogen (AOX)	64	46	75	97	0	0	0	0	0		<b>282</b>
Chemical oxygen demand (COD)	4,423	1,995	9,036	7,173	0.03	0	0	0.3	0.8		<b>22,628</b>
Biological oxygen demand (BOD)	79	35	82	142	0	0	0	0	0.01		<b>338</b>
Phosphorus, total	5.9	0.9	2.1	4.8	0	0	0	0	0		<b>14</b>
Nitrogen, total	61	30	48	66	0	0	0	0	0		<b>204</b>
Suspended solids, total	463	482	152	179	0	0	0	0	0.01		<b>1,276</b>
<b>WATER USE, 1,000 m<sup>3</sup></b>											
Water withdrawals	39,207	25,855	16,714	143,314	29	2.1	0	40	95		<b>225,256</b>
Wastewater discharges	11,940	12,370	10,621	18,000	0.7	0	0	5.0	15		<b>52,953</b>
<b>WASTE AND SIDE STREAMS, t</b>											
Utilised side streams and waste	66,655	35,579	15,047	65,770	151	178	451	1,530	1,756	12,901	<b>200,018</b>
Landfill waste	7,419	79	7,509	0	0	0	0	824	0	874	<b>16,705</b>
Hazardous waste	120	166	69	181	1.0	0	42	17	11	332	<b>939</b>

<sup>1)</sup> Sawn timber production in Merikarvia was discontinued during 2024.

## Metsä Board

Mill	Joutseno	Kaskinen	Kemi	Kyro	Simpele	Tako	Äänekoski	Husum	Others	Total
Country	Finland	Finland	Finland	Finland	Finland	Finland	Finland	Sweden		
<b>EMPLOYEES</b>										
Number of employees	61	96	143	174	300	191	204	775	465	<b>2,409</b>
TRIF	0	6.7	12	0	8.1	3.6	6.3	1.7		<b>3.4</b>
LTAIF	0	6.7	8.1	0	6.1	3.6	6.3	1.7		<b>2.9</b>
<b>PRODUCTION</b>										
Pulp and high-yield pulp (1,000 t)	190	314						619		<b>1,123</b>
Paperboard (1,000 t)			320	163	243	129	216	468		<b>1,539</b>
<b>MANAGEMENT SYSTEM</b>										
ISO 9001	x	x	x	x	x	x	x	x		
ISO 14001	x	x	x	x	x	x	x	x		
ISO 50001	x	x	x	x	x	x	x	x		
ISO 45001	x	x	x	x	x	x	x	x		
ISO 22000	x	x	x	x	x	x	x	x		
FSSC 22000			x	x	x		x	x		
<b>CHAIN OF CUSTODY</b>										
PEFC	x	x	x	x	x	x	x	x		
FSC	x	x	x	x	x	x	x	x		
<b>EMISSIONS TO AIR, t</b>										
Biogenic carbon dioxide (CO <sub>2</sub> ), Scope 1	0	137,438	0	168,913	172,778	4,773	0	1,670,874		<b>2,154,777</b>
GHG emissions (CO <sub>2</sub> e), Scope 1	16,870	6,168	5,516	15,111	16,851	40,959	0	90,624		<b>192,098</b>
Sulphur (SO <sub>2</sub> )	0	27	0	47	74	0.02	0	36		<b>184</b>
Nitrogen oxides (NO <sub>x</sub> )	7.1	168	2.4	74	94	28	0	989		<b>1,363</b>
Particles	5.3	2.6	0	3.5	2.2	0	0	20		<b>33</b>
Reduced sulphur compounds (TRS)	0	0	0	0	0	0	0	57		<b>57</b>
<b>EMISSIONS TO WATER, t</b>										
Adsorbable organic halogen (AOX)	0	0	0	0	0	0	0	45		<b>45</b>
Chemical oxygen demand (COD)	310	794	54	126	228	110	641	7,480		<b>9,743</b>
Biological oxygen demand (BOD)	1.9	24	22	11	21	35	239	281		<b>635</b>
Phosphorus, total	0.1	1.7	0.5	0.8	1.3	1.0	0.4	16		<b>22</b>
Nitrogen, total	1.6	14	16	14	11	0	7.6	90		<b>156</b>
Suspended solids, total	12	76	270	30	36	23	119	1,096		<b>1,662</b>
<b>WATER USE, 1,000 m<sup>3</sup></b>										
Water withdrawals	4,158	10,548	9,897	3,679	26,446	2,838	3,452	44,811		<b>105,829</b>
Wastewater discharges	302	2,376	7,083	2,283	4,718	2,055	2,444	27,280		<b>48,540</b>
<b>WASTE AND SIDE STREAMS, t</b>										
Utilised side streams and waste	7,108	27,248	603	21,105	27,732	9,170	20,804	51,763	373	<b>165,906</b>
Landfill waste	0	11	27	0	0	0	0	267	0	<b>305</b>
Hazardous waste	32	129	34	13	47	96	17	396	311	<b>1,075</b>

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**Metsä Tissue**

Mill	Mänttä <sup>1)</sup>	Düren	Kreuzau	Raubach	Krapkowice	Žilina	Katrinefors	Nyboholm <sup>2)</sup>	Pauliström	Others	Total
Country	Finland	Germany	Germany	Germany	Poland	Slovakia	Sweden	Sweden	Sweden		
<b>EMPLOYEES</b>											
Number of employees	469	158	465	260	297	308	420	0	183	64	<b>2,624</b>
TRIF	1.3	0	4.6	0	2.0	2.0	3.3	0	17		<b>3.2</b>
LTAIF	0	0	3.0	0	2.0	0	3.3	0	6.9		<b>1.7</b>
<b>PRODUCTION, 1,000 t</b>											
Tissue papers	76		102	57	42	65	76	27	28		<b>474</b>
Greaseproof papers	21	35									<b>56</b>
<b>MANAGEMENT SYSTEM</b>											
ISO 9001	x	x	x	x	x	x	x	x	x		
ISO 14001	x	x	x	x	x	x	x	x	x		
ISO 50001	x	x	x	x	x	x	x	x	x		
ISO 45001	x	x	x	x	x	x	x	x	x		
ISO 22000	x										
BRC	x	x	x	x	x	x					
IFS		x	x	x							
<b>CHAIN OF CUSTODY</b>											
PEFC	x	x	x	x	x	x	x	x	x		
FSC	x	x	x	x	x	x	x	x	x		
<b>EMISSIONS TO AIR, t</b>											
Biogenic carbon dioxide (CO <sub>2</sub> ), Scope 1	0	0	40,689	0	0	0	52,361	13,930	11,205		<b>118,185</b>
GHG emissions (CO <sub>2</sub> e), Scope 1	9,414	17,900	25,733	22,508	16,260	10,497	14,986	7,773	8,594		<b>133,665</b>
Sulphur (SO <sub>2</sub> )	0	0	0	15	0.9	0.05	1.9	1.0	0.9		<b>20</b>
Nitrogen oxides (NO <sub>x</sub> )	4.7	9.8	41	11	9.8	9.3	36	18	21		<b>160</b>
Particles	0	0	0.2	0	17	0.4	397	1.2	0.4		<b>416</b>
<b>EMISSIONS TO WATER, t</b>											
Chemical oxygen demand (COD)	142	74	61	139	10	21	159	16	25		<b>581</b>
Biological oxygen demand (BOD)	21	2.5	14	4.6	1.6	9.2	20	2.7	4.5		<b>80</b>
Phosphorus, total	0.4	0.1	0.7	0.2	0.4	0.5	0.1	0.03	0.04		<b>2.6</b>
Nitrogen, total	16	0	0	0	5.2	0	7.3	0.4	0.6		<b>30</b>
Suspended solids, total	37	2.5	14	4.6	1.8	9.2	14	3.2	3.6		<b>89</b>
<b>WATER USE, 1,000 m<sup>3</sup></b>											
Water withdrawals	3,118	685	2,785	601	513	1,028	2,083	641	244		<b>11,697</b>
Wastewater discharges	3,730	247	1,395	459	373	921	1,580	512	172		<b>9,389</b>
<b>WASTE AND SIDE STREAMS, t</b>											
Utilised side streams and waste	25,045	588	28,331	42,998	18,595	10,537	38,330	1,658	1,629	1,622	<b>169,333</b>
Landfill waste	0	0	1.0	0	0	302	6.0	0	0	39	<b>348</b>
Hazardous waste	69	38	34	145	8.0	63	133	6.0	27	46	<b>569</b>

<sup>1)</sup> Includes all employees in Finland

<sup>2)</sup> The number of employees at the Nyboholm mill is included in the figures for the Pauliström mill.

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# Consolidated income statement

EUR million	Note	2024	2023
<b>Sales</b>	2.1, 2.2	5,747.2	6,110.4
Change in stocks of finished goods and work in progress		152.7	-65.3
Other operating income	2.1, 2.3	226.3	160.8
Material and services	2.1, 2.4	-4,295.0	-4,236.2
Employee costs	2.1, 3.	-712.1	-706.5
Depreciation, amortisation and impairment charges	2.1, 4.1, 4.2	-467.7	-347.2
Other operating expenses	2.1, 2.4	-465.0	-417.9
<b>Operating result</b>		186.4	498.1
Share of results from associated companies and joint ventures	7.3	-0.6	-1.2
Net exchange gains and losses	5.2	-2.5	-1.1
Financial income	5.2	27.5	50.4
Financial expenses	5.2	-79.6	-58.4
<b>Result before tax</b>		131.3	487.8
Income taxes	6.	-22.7	-104.2
<b>Result for the period</b>		108.5	383.6

The notes are an integral part of these financial statements.

# Consolidated statement of comprehensive income

EUR million	Note	2024	2023
<b>Result for the period</b>		108.5	383.6
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>	5.1, 6.		
Items relating to adjustments of defined benefit pension plans		-3.1	-5.4
Fair value of financial assets through other comprehensive income		-39.2	-102.7
<b>Income tax relating to items that will not be reclassified</b>		7.8	21.9
<b>Total</b>		-34.5	-86.2
<b>Items that may be reclassified to profit and loss</b>	5.1, 6.		
Cash flow hedges		-103.4	-26.1
Currency translation differences		-26.6	5.7
Share of results from other comprehensive income of associated company		0.0	
Income tax relating to items that may be reclassified		20.7	5.2
<b>Total</b>		-109.3	-15.2
<b>Other comprehensive income, net of tax</b>		-143.8	-101.4
<b>Total comprehensive income for the period</b>		-35.3	282.2
<b>Total comprehensive income for the period attributable to</b>			
Members of parent company		13.2	247.1
Non-controlling interest		-48.4	35.2
<b>Total</b>		-35.3	282.2

The notes are an integral part of these financial statements.

# Consolidated balance sheet

EUR million	Note	31.12.2024	31.12.2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	4.1	415.6	419.1
Other intangible assets	4.1	375.4	324.8
Tangible assets	4.2	5,450.0	5,410.0
Biological assets	4.3	3.1	2.7
Investments in associated companies and joint ventures	7.3	4.1	4.1
Other investments	4.4	237.3	275.3
Other non-current assets	5.3	18.6	17.5
Deferred tax receivables	6.	34.7	32.3
Derivative financial instruments	5.7	29.5	46.5
<b>Total</b>		6,568.4	6,532.4
<b>Current assets</b>			
Inventories	4.5	1,513.6	1,180.7
Accounts receivable and other receivables	4.6	788.5	813.5
Tax receivable based on taxable income for the period		16.3	10.4
Derivative financial instruments	5.7	24.0	59.3
Cash and cash equivalent	5.4	991.6	1,511.6
<b>Total</b>		3,334.2	3,575.5
<b>Total assets</b>		9,902.5	10,107.9
<b>MEMBERS' FUNDS AND LIABILITIES</b>			
<b>Equity attributable to members of parent company</b>			
Members' capital	5.1	1,552.3	1,452.9
Translation differences	5.1	-59.6	-45.9
Fair value and other reserves	5.1	709.7	773.3
Retained earnings		2,095.9	2,101.8
<b>Total shareholders' equity</b>		4,298.2	4,282.0
<b>Non-controlling interests</b>	7.2	1,260.7	1,361.2
<b>Total members' funds</b>		5,559.0	5,643.2
<b>Non-current liabilities</b>			
Deferred tax liabilities	6.	364.5	399.3
Post employment benefit obligations	3.5	54.7	59.8
Provisions	4.9	16.3	11.5
Borrowings	5.5	1,608.0	1,698.5
Other non-current liabilities	4.7	8.9	11.9
<b>Total</b>		2,052.4	2,180.9
<b>Current liabilities</b>			
Provisions	4.9	0.4	2.9
Current borrowings	5.5	631.1	491.1
Accounts payable and other liabilities	4.8	1,571.5	1,740.2
Tax liabilities based on taxable income for the period		8.0	31.0
Derivative financial instruments	5.7	80.1	18.6
<b>Total</b>		2,291.2	2,283.8
<b>Total liabilities</b>		4,343.5	4,464.8
<b>Total members' funds and liabilities</b>		9,902.5	10,107.9

The notes are an integral part of these financial statements.

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# Consolidated statement of changes in members' funds

EUR million	Note	Members' funds	Translation differences	Fair value and other reserves	Retained earnings	Equity attributable to members of parent company	Non-controlling interest	Total
<b>Members' funds, 1 Jan 2024</b>								
Result for the period					94.6	94.6	14.0	108.5
Other comprehensive income net of tax	5.1, 6.		-13.6	-64.0	-3.8	-81.4	-62.4	-143.8
<b>Comprehensive income total</b>			-13.6	-64.0	90.8	13.2	-48.4	-35.3
Transaction with owners								
Interest on members' capital and dividends paid	5.1				-70.7	-70.7	-52.5	-123.2
Reimbursement of surplus	5.1	13.7			-15.7	-2.0		-2.0
Change in members' capital	5.1	85.7		0.4	-10.0	76.2		76.2
Share based payments	3.3				0.1	0.1	0.0	0.1
Sold shares from non-controlling interest, which did not change the controlling right	7.2			0.0	-0.5	-0.5	0.5	0.0
<b>Members' funds, 31 Dec 2024</b>		1,552.3	-59.6	709.7	2,095.9	4,298.2	1,260.7	5,559.0
<b>Members' funds, 1 Jan 2023</b>								
Result for the period					304.7	304.7	79.0	383.6
Other comprehensive income net of tax	5.1, 6.		8.1	-62.0	-3.7	-57.6	-43.8	-101.4
<b>Comprehensive income total</b>			8.1	-62.0	301.0	247.1	35.2	282.2
Transactions with owners								
Interest on members' capital and dividends paid	5.1				-69.9	-69.9	-209.0	-278.9
Reimbursement of surplus	5.1	14.2			-15.6	-1.4		-1.4
Change in members' capital	5.1	0.0		0.2	-11.1	-10.9		-10.9
Share based payments	3.3				0.9	0.9	0.1	1.0
Acquired shares from non-controlling interest, which did not change the controlling right	7.2				-18.6	-18.6	-31.6	-50.2
Sold shares from non-controlling interest, which did not change the controlling right	7.2			0.1	-0.7	-0.6	0.7	0.1
<b>Members' funds, 31 Dec 2023</b>		1,452.9	-45.9	773.3	2,101.8	4,282.0	1,361.2	5,643.2

The notes are an integral part of these financial statements.

# Consolidated cash flow statement

EUR million	Note	2024	2023
<b>Cash flow from operating activities</b>			
Result for the period		108.5	383.6
Adjustments to the result, total <sup>1)</sup>		488.3	368.5
Interest received		30.9	41.8
Interest paid		-70.9	-54.8
Dividends received		0.1	0.0
Other financial items, net		-0.1	0.8
Income tax paid		-49.7	-55.1
Change in working capital <sup>2)</sup>		-496.3	240.8
<b>Net cash flow from operating activities</b>		10.9	925.6
<b>Cash flow from investing activities</b>			
Acquisition of shares in affiliated companies, net of cash	7.4	-0.7	0.8
Acquisition of shares in associated companies and joint ventures		-0.5	-1.1
Acquisition of other shares		-0.5	-0.1
Investments in tangible and intangible assets	4.1, 4.2	-566.0	-1,114.1
Proceeds from disposal of shares in affiliated companies, net of cash	7.4	20.7	
Proceeds from disposal of other shares		0.5	0.2
Proceeds from sale of tangible and intangible assets		56.7	80.6
Change in non-current receivables, net		-4.2	-3.1
<b>Cash flow from investing activities</b>		-494.0	-1,036.9
<b>Cash flow from financing activities</b>			
Change in members' capital		66.6	61.6
Non-controlling interest acquired	7.2		-50.1
Increase in non-current liabilities	5.5	106.9	697.9
Decrease in non-current liabilities	5.5	-166.7	-68.9
Change in current liabilities, net	5.5	79.3	-1.1
Change in current interest-bearing receivables, net	5.5	-0.3	-0.9
Interest on members' capital and dividends paid	5.1, 7.2	-137.9	-295.8
<b>Cash flow from financing activities</b>		-52.1	342.7
<b>Change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		1,511.6	1,265.0
Translation differences		0.3	-2.3
Change in cash and cash equivalents		-535.2	231.5
Value adjustments of investment funds included in cash and cash equivalents		15.1	17.5
<b>Cash and cash equivalents at end of period</b>	5.4	991.6	1,511.6

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EUR million	1–12/2024	1–12/2023
<b>ADDITIONAL INFORMATION TO CONSOLIDATED CASF FLOW STATEMENT</b>		
<b><sup>1)</sup> Adjustments to the result, total</b>		
Taxes	22.7	104.2
Depreciation, amortisation and impairment charges	467.7	347.2
Biological assets	-0.5	0.6
Share of results from associated companies and joint ventures	0.6	1.2
Gains and losses on sale of non-current financial assets	-56.5	-90.0
Finance costs, net	54.6	9.1
Pension liabilities and provisions	-1.9	-7.0
Other adjustments	1.5	3.3
<b>Total</b>	<b>488.3</b>	<b>368.5</b>
<b><sup>2)</sup> Change in working capital</b>		
Change in inventories	-333.4	56.2
Change in accounts receivables and other receivables	18.8	142.1
Change in accounts payable and other liabilities	-181.8	42.5
<b>Total</b>	<b>-496.3</b>	<b>240.8</b>

The notes are an integral part of these financial statements.

# Notes to consolidated financial statements

## 1. General accounting principles

### Main operations

Metsäliitto Cooperative and its subsidiaries comprise a group (“Metsä Group” or “Group”) in which operations are organised into five business segments: Wood Supply and Forest Services, Wood Products Industry, Pulp and Sawn Timber Industry, Paperboard Industry, and Tissue and Greaseproof Papers.

The Group's parent company is Metsäliitto Cooperative. The parent company is domiciled in Helsinki, and its registered address is Revontulenpuisto 2, 02100 Espoo, Finland. A copy of the consolidated financial statements can be obtained from the website [www.metsagroup.com](http://www.metsagroup.com) or the parent company's head office at Revontulenpuisto 2, 02100 Espoo, Finland.

These financial statements were authorised for issue by Metsäliitto Cooperative's Board of Directors on 6 February 2025. According to the Finnish Co-operatives Act, the Representative Council has the right to accept, reject or decide to amend the financial statements at the Annual General Meeting after their date of publication.

### Accounting policies

Metsä Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), applying the standards and interpretations approved by the EU and effective on 31 December 2024. The notes to the consolidated financial statements also comply with the requirements of Finnish accounting and Community legislation supplementing the IFRS rules.

The consolidated financial statements are presented in millions of euros. The consolidated financial statements have been prepared based on original acquisition costs, excluding financial assets and liabilities recognised at fair value, biological assets, assets and obligations related to defined benefit pension plans, and share-based payments measured at fair value.

### The impact of Russia's military aggression

In 2022, Metsä Group discontinued its business operations in Russia, including the Svir sawmill, wood supply and paperboard sales. On 13 May 2024, Metsä Group completed a transaction with which the ownership of the Group's Russian subsidiaries – Metsä Svir LLC, Metsä Forest St Petersburg LLC, Metsä Forest Podporozhye LLC and Metsä Board Rus LLC – was transferred to the VLP Group. Since the completion of the transaction, the Group no longer owns anything in Russia. Due to the discontinuation of business operations in Russia, the Group's 2022

operating result included impairment and expenses totalling EUR -79.6 million. In 2023, the Group recognised a profit of EUR 11.4 million in the operating result from receivables and lease agreements written down in June 2022. The 2024 business transaction had a positive impact of EUR 13.8 million on the operating result. The income from Russian ruble-denominated translation differences of EUR 0.2 million accrued in 2024 (2023: EUR -4.0 million expense; 2022: EUR 4.0 million income) are reported under exchange rate differences in financial items.

Further information can be found in the following notes: 2.1. Segment information, 2.4. Operating expenses, 4.1. Intangible assets, 4.2. Property, plant and equipment, 4.5. Inventories, 5.1. Equity, translation differences, and 5.2. Exchange rate differences and financial income and expenses.

### Mitigating climate change and reducing emissions

Transitioning to fully fossil-free energy in production, abandoning fossil-based raw materials, using energy and water more efficiently, and adopting measures in line with regenerative forestry principles to safeguard forests' strong growth and carbon storage are at the core of Metsä Group's sustainability targets. The Group aims for fully fossil-free mills and raw materials by the end of 2030. The achievement of ambitious targets requires investment, the development of operations and the product range, and the use of the best available technology. Climate-related targets have the greatest impact on the useful lives of property, plant and equipment (Note 4.2) and the preparation of future cash flow estimates in connection with goodwill impairment testing (Note 4.1). At the end of the reporting period, climate-related matters had no material impact on the estimated useful lives or impairment of property, plant and equipment.

### Amendments to standards applied during the 2024 financial period

*Finance arrangements for suppliers or service providers* – Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The goal of the amendments is to improve the transparency of finance arrangements concerning suppliers or service providers and specify their impact on liabilities, cash flows and exposure to liquidity risk. The amendments will require the provision of qualitative and quantitative information about such finance arrangements.

Other amendments to standards will have no material impact on the consolidated financial statements.

### New and amended standards to be applied in future financial periods

*Classification and Measurement of Financial Instruments* – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures\* (to be applied in financial periods beginning on or after 1 January 2026). The amendments clarify that companies must apply an approach based

\* = The standard had not been adopted by the EU by 31 December 2024.

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on the settlement data when recognising or derecognising a financial asset or liability. The amendments also give companies the choice to derecognise financial liabilities settled using an electronic payment system before the settlement date, provided that certain conditions are met. The amendments clarify the guidance on the assessment of contractual cash flow characteristics, including financial assets, the contractual terms of which may change the timing or amount of contractual cash flows such as financial assets with ESG-linked features, non-recourse financial assets and contractually linked instruments.

IFRS 18 *Presentation and Disclosure in Financial Statements* \* (to be applied in financial periods beginning on or after 1 January 2027). IFRS 18 will replace IAS 1 *Presentation of Financial Statements*. The key requirements of IFRS 18 include the following:

- Items of income and expenses must be reported under three new categories – operating, investing and financing – and two new subtotals must be included, namely “Operating profit or loss” and “Profit or loss before financing and income tax”.
- Disclosures on management-defined performance measures must be included in the notes to the financial statements. These performance measures are defined as subtotals of income and expenses that are used to communicate management’s views of financial performance to the public.
- Disclosures in financial statements based on more specific requirements concerning aggregation and disaggregation.

The group is evaluating the standard’s impact.

Other amendments to standards will have no material impact on the consolidated financial statements.

**Transactions in foreign currency**

The items included in the financial statements of subsidiaries, joint operations, and associated companies and joint ventures are presented in the currency that is used in each company’s primary operating environment. The consolidated financial statements are presented in euros, which is the parent company’s functional and presentation currency.

Business transactions denominated in foreign currencies are recognised in the functional currency using the exchange rate on the transaction date. At the end of the financial period, open receivables and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate on the balance sheet date. Since March 2022, the rate used for the Russian ruble is the closing rate for EUR/RUB published by Refinitiv, which management considers to best represent the market rate on the closing date of each reporting period. Any gains or losses resulting from transactions in foreign currencies and from the translation of monetary items are recognised in exchange rate differences in financial items.

\* = The standard had not been adopted by the EU by 31 December 2024.

Changes in the fair value of the effective portion of derivative instruments that meet the criteria for cash flow hedging are recognised in other items of comprehensive income. The gains and losses recognised in equity are transferred to the income statement when the forecast sale or purchase is realised, and are recognised as an adjustment to the hedged item.

Derivatives not subject to hedge accounting, as well as the ineffective portion of derivatives subject to hedge accounting, are measured at fair value, and changes in the value of interest rate and currency derivatives are recognised in financial items, and changes in the value of commodity derivatives are recognised in other income and expenses.

More information about interest rate and currency hedging is provided in Note 5.6 (Management of financial risks).

The income statements and cash flows of companies whose functional currency is other than the euro are translated into euros using the average exchange rates of the financial period, and their balance sheets are translated using the exchange rates on the balance sheet date. Changes in translation differences arising from the translation of companies’ income statements and balance sheets, and from the translation of net investments in foreign entities, are recognised in other comprehensive income. When divesting a foreign entity, either by selling or dissolving it, translation differences accumulated by the time of the divestment are recognised in the income statement as part of the gain or loss from the divestment.

**Other accounting principles**

Other accounting principles are presented as part of the relevant notes.

**Key estimates and judgements**

The preparation of financial statements requires the use of the management’s estimates, assumptions and judgement-based decisions that affect the amount of assets and liabilities, the presentation of contingent assets and liabilities in the financial statements, and the amount of income and expenses. Even though such estimates and assumptions are based on the management’s best knowledge at the time they were made, it is possible that the actual values differ from those used in the financial statements.

**Management’s judgement-based decisions**

Management’s judgement-based decisions that were made when applying the accounting principles, and that have the greatest impact on the figures of the consolidated financial statements concern the following areas:

Item	Note	Nature of management’s judgement-based decisions
Financial instruments measured at fair value	4.4 Other investments	Accounting principle and valuation model applied to the shares of Pohjolan Voima Oyj

**Estimates and assumptions**

The Group’s key uncertainties related to assumptions and estimates that carry a significant risk of the book values of assets and liabilities changing during the following financial period include the following:

Item	Note	Nature of estimates and assumptions
Pension obligations	3.4 Pension obligations	Actuarial assumptions used as the basis for determining the current value of pension obligations arising from defined benefit plans and the obligation items recognised as expenses during the financial period
Property, plant and equipment and leases	4.2 Property, plant and equipment	Estimates of the useful lives of property, plant and equipment, and of lease extension options
Financial instruments measured at fair value	4.4 Other investments	Estimates of key factors affecting cash flows in the valuation of Pohjolan Voima Oyj
Inventories	4.5 Inventories	Estimates of the sales prices of products measured at net realisable value, the costs of completion and the costs necessary for making the sale.
Provisions	4.9 Provisions	Estimates of the date and amount of costs from the obligation
Income taxes	6. Income taxes	Estimates of the date and amount of tax liabilities arising in tax audits and deferred tax assets recognised for losses
Legal obligations	8.1 Commitments and contingencies	Estimates of the date and amount of costs from obligations related to disputes and legal proceedings

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# 2. Profitability

## 2.1 Segment information

### Accounting principles

### Operating segments

Metsä Group's operating segments are comprised of the Group's business areas. The operating segments are reported consistently, with the internal reports submitted to the President and CEO. The President and CEO is in charge of allocating resources to the operating segments and evaluating their performance. The segments' result and profitability are evaluated based on the operating result, comparable operating result and comparable return on capital employed.

The segments report in line with the same accounting principles as the Group. All intra-segment transactions are based on market prices and are eliminated on consolidation.

### Items affecting comparability

Extraordinary and material items not included in ordinary business operations have been eliminated in the comparable operating result. Items affecting comparability include material gains and losses on disposals of assets, impairment and impairment reversals in accordance with IAS 36 Impairment of Assets, corporate divestments and acquisitions, adjustment measures and other restructuring measures and their adjustments, costs arising from extensive and unforeseeable interruptions in production and the compensation received for them as well as items arising from legal proceedings.

### Wood Supply and Forest Services

Metsä Forest provides premium wood for Metsä Group's production units and its other industrial customers. It offers owner-members of the parent company, Metsäliitto Cooperative, comprehensive services in wood trade and forest and nature management. Metsä Forest invests in developing sustainable forest management methods and digital services provided for forest owners.

### Wood Products Industry

Metsä Wood is one of Europe's leading producers of engineered wood products. The company converts northern wood into high-quality, sustainable and material-efficient wood products that store renewable

carbon for a long time. Metsä Wood's main products are Kerto LVL, birch and spruce plywood and processed sawn timber products, which we supply to the construction and transport equipment industries.

### Pulp and Sawn Timber Industry

Metsä Fibre is a leading producer of bioproducts and a trailblazer in the sustainable bioeconomy. The company converts northern wood into products that promote the bioeconomy and the circular economy. Metsä Fibre is the world's leading producer of softwood market pulp and a major producer of sawn timber. The company's bleached softwood and birch pulps have been developed for the production of paperboards, tissue and printing paper, and specialty paper. Spruce and pine sawn timber are used primarily in the construction industry. Metsä Fibre also develops and continuously expands the range of bioproducts produced from the side streams of pulp production.

### Paperboard Industry

Metsä Board is a leading European producer of high-quality and lightweight fresh fibre paperboards. The company's folding boxboard and food service boards as well as white kraftliners offer sustainable, recyclable and safe solutions for consumer goods, retail-ready and food service packaging. The pure fresh fibre in our products is a renewable, safe and recyclable raw material from sustainably managed northern forests. We are a forerunner in sustainability and aim for fully fossil-free mills and raw materials by the end of 2030. Our global sales network provides services to brand owners, packaging converters and merchants. With our customers, we develop innovative packaging solutions that create better consumer experiences with less environmental impact.

### Tissue and Greaseproof Papers

Metsä Tissue is one of the leading tissue paper suppliers in Europe to households and professionals, and one of the leading greaseproof paper suppliers globally. The company innovates products and services that make everyday life cleaner, easier and more hygienic, in an environmentally sustainable manner. The company's brands are Lambi, Serla, Tenta, Mola, Katrin and SAGA. In addition to its own brands, the company develops and manufactures a range of supplier label products as well as tailored customer label products for leading European retailers.

### Other operations

Other operations include Metsä Group's head office functions, the holding function of Metsäliitto Cooperative, Metsä Group Treasury Oy and Metsä Spring Ltd.

## Operating segments 2024

EUR million	Wood Supply and Forest Services	Wood Products Industry	Pulp and Sawn Timber Industry	Paperboard Industry	Tissue and Greaseproof Papers	Other operations	Eliminations	Group total
External sales	509.7	530.6	1,707.7	1,818.9	1,152.1	28.2		5,747.2
Internal sales	1,850.5	23.3	620.6	119.6	0.8	49.6	-2,664.4	
Sales total	2,360.1	553.9	2,328.3	1,938.6	1,152.9	77.8	-2,664.4	5,747.2
Operating result	32.5	7.8	5.8	62.3	101.6	-17.1	-6.5	186.4
Items affecting comparability	-4.1	13.0	-3.5	6.7	1.6		2.8	16.6
Comparable operating result	28.4	20.8	2.2	69.0	103.2	-17.1	-3.6	203.0
Share of results from associated companies and joint ventures								-0.6
Exchange differences and finance income and expenses								-54.6
Income taxes								-22.7
Result for the period								108.5
Assets	585.8	526.9	4,063.2	2,796.5	1,103.7	463.3	-577.3	8,962.1
Unallocated assets								940.4
Total assets								9,902.5
Liabilities	340.7	114.5	833.2	431.0	331.9	219.1	-577.3	1,693.2
Unallocated liabilities								2,650.4
Total liabilities								4,343.5
Total investments	3.3	147.2	111.7	175.4	208.5	62.0	-104.9	603.3
Depreciations	-7.2	-22.0	-246.3	-106.0	-44.9	-12.5	-7.0	-445.8
Impairments	2.6	-14.1	-0.7	-7.6	-2.1			-21.9
Personnel, average	696	1,575	1,594	2,339	2,525	977		9,706

Segments' assets = intangible and tangible assets (incl. leases), investments in associated companies and joint ventures, inventories, accounts receivables and other non-interest-bearing receivables (excl. interest and tax items). Segments' liabilities = accounts payable, advance payments and other non-interest-bearing liabilities (excl. interest and tax items).

## Items affecting comparability in operating result 2024

EUR million	Wood Supply and Forest Services	Wood Products Industry	Pulp and Sawn Timber Industry	Paperboard Industry	Tissue and Greaseproof Papers	Other operations	Eliminations	Group total
Other operating income	2.1	8.3	21.5		1.0		-1.5	31.4
Change in inventories		-2.0	-1.0		-0.4			-3.5
Employee costs		-2.0	-1.0					-3.0
Share of results from associated companies and joint ventures				1.4			-1.4	
Impairments		-14.1	-3.3	-7.6	-2.1			-27.1
Reverse of impairments	2.6		2.6					5.2
Other operating expenses	-0.6	-3.2	-15.1	-0.5	-0.1			-19.5
Total	4.1	-13.0	3.5	-6.7	-1.6		-2.8	-16.6

The operating result of the **Wood Supply and Forest Services** segment includes a capital gain of EUR 2.1 million from the sale of the wood supply business in Estonia and an impairment reversal of EUR 2.6 million related to the sale of the company's Russian subsidiaries.

The operating result of the **Wood Products Industry** segment includes a capital gain of EUR 8.3 million from the sale of a property in Widnes in the UK, and impairment and costs of EUR -21.1 million related to the discontinuation of operations at the Suolahti plywood mills.

Other operating income of the **Pulp and Sawn Timber Industry** includes a capital gain of EUR 10.0 million from the sale of the Russian subsidiary, a capital gain of EUR 1.5 million from the sale of a property and insurance

compensation of EUR 10.0 million for the property damage caused by the gas explosion at the Kemi bioproduct mill. Change in inventories includes a cost of EUR -1.0 million, personnel expenses a cost of EUR -1.0 million and depreciation a cost of EUR -3.3 million related to the winding down of sawing operations at the Merikarvia sawmill. Reversals of impairment include an income of EUR 2.6 million related to the sale of the Russian subsidiary. Other operating expenses include repair costs of EUR -11.8 million for the gas explosion at the Kemi bioproduct mill and losses of EUR -2.9 million from the sale of property, plant and equipment.

Impairment in the **Paperboard Industry** segment includes a write-down of EUR -7.6 million for the pre-study of the Kaskinen folding boxboard mill. The share of results from associated companies and joint ventures includes



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an income of EUR 3.0 million from the sale of Metsä Fibre's Russian subsidiary, insurance compensation of EUR 2.0 million for the property damage caused by the gas explosion at Metsä Fibre's Kemi bioproduct mill, repair costs of EUR -2.4 million related to the gas explosion at Metsä Fibre's Kemi bioproduct mill and an expense of EUR -1.1 million related to the discontinuation of sawing operations at Metsä Fibre's Merikarvia sawmill.

The operating result of the **Tissue and Greaseproof Papers** segment includes a total of EUR -1.6 million in expenses related to the Future Tissue Paper Mill programme.

**Eliminations** include EUR -1.5 million for the elimination of a capital gain from a property, and EUR -1.4 million for the elimination of the share of results from associated companies and joint ventures included in the operating result of the Paperboard Industry segment.

### Operating Segments 2023

EUR million	Wood Supply and Forest Services	Wood Products Industry	Pulp and Sawn Timber Industry	Paperboard Industry	Tissue and Greaseproof Papers	Other operations	Eliminations	Group total
External sales	491.4	573.4	1,973.1	1,820.0	1,249.4	3.1		6,110.4
Internal sales	1,730.3	18.2	525.5	121.8	0.9	15.1	-2,411.8	
Sales total	2,221.7	591.6	2,498.6	1,941.9	1,250.2	18.2	-2,411.8	6,110.4
Operating result	29.0	64.9	114.6	120.8	198.7	-31.4	1.5	498.1
Items affecting comparability	-10.3	-3.0	13.3	1.4	-10.0	3.1	-4.6	-10.2
Comparable operating result	18.7	61.8	127.9	122.2	188.6	-28.3	-3.1	487.9
Share of results from associated companies and joint ventures								-1.2
Exchange differences and finance income and expenses								-9.1
Income taxes								-104.2
Result for the period								383.6
Assets	476.1	414.3	4,190.2	2,743.8	940.2	351.8	-425.2	8,691.1
Unallocated assets								1,416.8
Total assets								10,107.9
Liabilities	282.9	93.7	918.5	404.6	310.1	224.4	-425.2	1,809.0
Unallocated liabilities								2,655.8
Total liabilities								4,464.8
Total investments	9.8	62.9	714.9	228.7	127.3	55.8	-6.3	1,193.2
Depreciations	-6.2	-21.8	-158.6	-93.8	-43.7	-17.9	-3.2	-345.2
Impairments			-1.2		-0.8			-2.0
Personnel, average	747	1,599	1,661	2,333	2,514	898		9,751

Segments' assets = intangible and tangible assets (inc. leases), investments in associated companies and joint ventures, inventories, accounts receivables and other non-interest-bearing receivables (excl. interest and tax items). Segments' liabilities = accounts payable, advance payments and other non-interest-bearing liabilities (excl. interest and tax items).

### Items affecting comparability in operating result 2023

EUR million	Wood Supply and Forest Services	Wood Products Industry	Pulp and Sawn Timber Industry	Paperboard Industry	Tissue and Greaseproof Papers	Other operations	Eliminations	Group total
Other operating income	10.3	3.9	2.6	2.7	13.4		-2.6	30.4
Change in inventories			-9.6					-9.6
Employee costs		-0.9			-0.2			-1.0
Share of results from associated companies and joint ventures				-4.1			4.1	
Impairments			-1.2		-0.8			-2.0
Other operating expenses			-5.1		-2.4	-3.1	3.1	-7.5
Total	10.3	3.0	-13.3	-1.4	10.0	-3.1	4.6	10.2

The operating result of the **Wood Supply and Forest Services** segment includes a profit of EUR 10.3 million from the lease agreements that were terminated following the discontinuation of business operations in Russia and written down in June 2022.

The operating result of the **Wood Products Industry** segment includes a capital gain of EUR 3.9 million from the sale of a property in Grangemouth in the UK, and personnel costs of EUR -0.9 million related to the winding down of the upgrading business in Widnes in the UK.

Other operating income of the **Pulp and Sawn Timber Industry** segment includes a capital gain of EUR 2.6 million from the sale of a land area. Other operating expenses include EUR -6.2 million in losses on the sale of property, plant and equipment, and a profit of EUR 1.0 million from receivables written down in June 2022 following the discontinuation of business operations in Russia. The operating result also includes write-downs totalling EUR -10.1 million related to the closure of the old Kemi mill.

Other operating income of the **Paperboard Industry** segment includes a capital gain of EUR 2.7 million from the sale of a land area unrelated to business operations. The share of results from associated companies

and joint ventures includes EUR -1.2 million in losses on sale of Metsä Fibre's property, plant and equipment, write-downs of EUR -2.0 million related to the closure of Metsä Fibre's old Kemi mill, and EUR -0.9 million in translation differences recognised in the financial items of Metsä Fibre's operations in Russia.

Other operating income of the **Tissue and Greaseproof Papers** segment includes a capital gain of EUR 12.9 million from the sale of a land area in Konstancin in Poland. The operating result also includes a total of EUR -3.0 million in write-downs and costs related to the Future Tissue Paper Mill programme.

The operating result of the **Other Operations** segment includes a merger loss of EUR -3.1 million for Kemi Shipping Oy.

**Eliminations** include EUR -2.6 million for the elimination of a capital gain from a land area, EUR 4.1 million for the elimination of the share of results from associated companies and joint ventures included in the operating result of the Paperboard Industry segment, and EUR 3.1 million for the elimination of the merger loss for Kemi Shipping Oy.

## Geographical areas

EUR million	External sales by location of customer		Non-Current assets		Capital expenditure	
	2024	2023	2024	2023	2024	2023
Finland	1,001.6	954.4	5,143.4	5,174.1	360.2	922.0
Germany	477.7	525.9	152.3	161.6	12.2	19.9
Italy	166.0	171.7	0.1	0.3		0.0
Sweden	256.7	253.3	1,055.6	939.6	201.7	229.2
France	186.3	223.6	0.3	0.4		0.2
Poland	175.5	190.8	52.1	54.1	5.2	3.7
Other EU countries	841.1	911.2	86.0	87.5	8.1	7.5
EU total	3,105.0	3,230.9	6,489.7	6,417.6	587.5	1,182.6
Great Britain	401.9	420.5	40.8	32.9	14.6	8.5
Turkey	163.3	131.3		0.0		
Norway	112.6	171.0	0.4	0.4	0.3	0.2
Other Europe	64.7	66.2	0.0	0.0		0.0
Total Europe	3,847.4	4,020.0	6,530.8	6,450.9	602.3	1,191.3
China	705.2	947.9	1.0	1.1	0.6	0.5
United States	614.7	562.2	1.7	1.6	0.3	1.4
Other Countries	579.9	580.3	0.0	0.0	0.0	0.0
Total	5,747.2	6,110.4	6,533.6	6,453.6	603.3	1,193.2

Non-current assets include all non-current assets with the exception of derivative financial instruments and deferred tax assets.

## Personnel at year end

	2024	2023
Finland	5,677	5,538
Sweden	1,328	1,271
Germany	872	894
Poland	610	610
Great Britain	340	380
Slovakia	290	308
Baltic countries	249	246
Other Europe	91	96
Europe total	9,456	9,343
Other countries	124	121
Total	9,581	9,464

## Information about the most important customers

EUR 758.6 million of sales, or 13% of overall sales, (987.7 and 16%) is from a single external customer. This share of sales belongs to the Pulp and Sawn Timber Industry and Paperboard Industry segments.

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## 2.2 Sales

### Accounting principles

Metsä Group's sales are primarily generated by the sale of forest industry products.

The bulk of the Group's sales comes from the sale of folding boxboard and fresh fibre liner to brand owners, packaging converters and merchants, from the sale of pulp to paperboard, tissue paper, printing paper and specialty paper producers, as well as from the sale of tissue and greaseproof papers to retailers. Sales also include the sale of sawn timber, engineered wood products, energy, biochemicals, and forest and nature management services.

Performance obligations arising from the Group's sales contracts are mainly order-driven customer deliveries related to the sale of forest industry goods. Services mostly have an ancillary role in the Group's business operations, or they complement deliveries of goods.

The transaction price is the amount that the Group expects to receive in exchange for a fulfilled performance obligation. This amount, less sales-based value added taxes and sales taxes, is presented as the Group's sales. The prices received by the Group are divided into a fixed part and a variable part. The variable part consists of various discounts based on, among other things, payment terms and purchased quantities, and is allocated by the Group as deductions from sales revenue in line with estimates of the extent of the discount the customer is deemed to be entitled to. The Group's sales contracts mostly include obligations solely related to deliveries of goods, to which the allocation of the transaction price is uncomplicated. The terms of payment applied in the Group's sales invoices vary to some extent geographically and in different business areas, but the payment time provided is nonetheless always clearly less than a year, when the financing component does not need to be separated.

The Group recognises revenue from the sale of goods at a single point in the period during which the control of the delivered products passes to the customer, i.e. when the risks and benefits related to the sold products are transferred to the customer. Services are recognised as income over time.

Control to products transfers at the point of time when the products have been delivered in accordance with the agreed term of delivery. The Incoterms 2010 delivery terms most commonly applied by the Group and the corresponding times of sales income recognition are:

D terms: Delivery of goods to the buyer at the agreed destination at the agreed time.

C terms: Handing over the goods to be transported to the agreed destination by a carrier arranged for by the seller.

F terms: Handing over the goods to a carrier arranged for by the buyer.

It is the management's view that groupings pursuant to operating segments' geographical distribution best describe the nature, amount and timing of sales income and its related uncertainty. The sales of operating segments and geographic areas pursuant to the location of customers is presented in Note 2.1, Segment information.

### Sales by market areas

EUR million	2024	2023
EMEA		
Finland	1,001.6	954.4
Other EU countries	2,103.4	2,276.5
Other Europe	742.4	789.1
Middle East and Africa	204.8	201.0
EMEA total	4,052.2	4,221.0
APAC	975.0	1,222.7
Americas	720.0	666.8
Total	5,747.2	6,110.4

## 2.3 Other operating income

EUR million	2024	2023
Gains on disposal	63.0	86.7
Rental income	1.5	1.3
Service revenue	2.1	2.3
Government grants and allowances (Note 4.2)	135.8	44.5
Sale of scrap and waste	5.1	1.0
Others	18.6	24.9
Total	226.3	160.8

### Gains on disposal

EUR million	2024	2023
Shares of Russian subsidiaries	10.0	
Wood supply business in Estonia	2.1	
Property located in Widnes Great Britain	8.2	
Emission rights (Note 4.1)	41.1	62.1
Land area located in Konstancine Poland		12.9
Property located in Grangemouth Great Britain		3.9
Land area unrelated to business operations		2.7
Other	1.6	5.0
Total	63.0	86.7

Government grants and allowances include a total of EUR 35.1 million (30.5) in energy support. In addition, government grants and allowances in 2024 include insurance compensation totalling EUR 92.5 million for the production losses and property damage caused by the Kemi bioproduct mill's gas explosion, and compensation of EUR 9.8 million received in 2023 for a broken generator.

In 2023, other operating income includes a profit of EUR 10.3 million from the lease agreements that were terminated and written down in June 2022 following the discontinuation of business operations in Russia.

## 2.4 Operating expenses

EUR million	2024	2023
Materials and services		
Materials, consumables and goods		
Purchases	-3,067.6	-2,928.9
Change in inventories	167.3	15.4
External services		
Logistics expenses	-848.8	-824.7
Other external services	-545.9	-497.9
Materials and services, total	-4,295.0	-4,236.2
Employee costs	-712.1	-706.5
Depreciations and impairment charges	-4,677	-3,472
Other operating expenses		
Rents and other property costs	-44.8	-42.3
Purchased services	-265.1	-235.1
Losses on fixed asset disposals	-5.4	-7.1
Other operating expenses	-149.6	-133.5
Other operating expenses, total	-465.0	-417.9

Information about personnel costs is presented in Note 3.1, and information about depreciations and impairment charges in Notes 4.1 and 4.2.

Change in inventories includes an impairment of EUR -2.0 million related to the winding down of operations at the Suolahti plywood mills, and an impairment of EUR -1.0 million related to the winding down of sawing operations at the Merikarvia sawmill.

Loss on sale of non-current assets includes EUR -2.9 million (-6.2) in losses on the sale of Metsä Fibre's property, plant and equipment.

Other operating expenses include energy expenses, marketing and advertising expenses, and administrative expenses.

Other operation expenses include costs of EUR -3.0 million related to the winding down of the Suolahti plywood mills, and repair expenses of EUR -11.8 million due to the gas explosion at the Kemi bioproduct mill. In 2023, other operating expenses included costs of EUR -2.0 million related to the Future Tissue Paper mill programme and a profit of EUR 1.0 million from receivables written down in June 2022 following the discontinuation of business operations in Russia.

The Group's R&D costs recognised as expenses were EUR -37.9 million (-31.9). Further information about R&D costs is available in Note 4.1 Intangible assets.

### Auditor's fees

#### The fees of the group's auditor KPMG

EUR million	2024	2023
Audit	-1.7	-1.7
Auditors' opinions <sup>1)</sup>	-0.4	-0.1
Tax services		0.0
Other services	-0.3	-0.5
Total	-2.5	-2.4

1) includes the 2024 sustainability report certification fees.

KPMG Oy Ab's non-audit services for Metsä Group companies were EUR -0.2 million (-0.4).

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# 3. Remuneration

## 3.1 Personnel expenses

### Accounting principles

#### Short-term employee benefits

Liabilities related to wages and salaries, including annual holiday pay, which are expected to be fully paid within 12 months of the end of the period during which the work on which they are based is carried out, are recognised for the work completed by the end of the reporting period and measured at the amount expected to be paid while performing it. Liabilities are presented in the balance sheet as short-term obligations related to employee benefits.

The accounting principles of share-based payments are discussed in Note 3.3, those of other long-term remuneration in Note 3.4, and those of pension obligations in Note 3.5.

EUR million	2024	2023
Short-term employee benefits	-472.2	-460.6
Share-based payments	-1.5	-3.3
Other long-term remuneration	-0.6	-4.8
Pension costs		
Defined benefit plans	-0.9	-1.9
Defined contribution plans	-81.4	-78.5
Other social security costs	-155.4	-157.5
Total	-712.1	-706.5

Personnel expenses include costs of EUR -2.0 million related to the winding down of operations at the Suolahti plywood mills and costs of EUR -1.0 million related to the winding down of sawing operations at the Merikarvia sawmill. In 2023, personnel expenses included costs of EUR -0.9 million related to the winding down of the upgrading business in Widnes in the UK.

## 3.2 Key management's salaries, remuneration and pension expenses

The Group's key management consists of the members of the Supervisory Board, the parent company's Board of Directors and the Executive Management Team, including the President and CEO. The salaries and remuneration of key management are presented on an accrual basis.

### Key management personnel remuneration

EUR million	2024	2023
Short-term employee benefits	4.9	5.4
Share-based payments	0.4	1.0
Other long-term remuneration	0.3	2.1
Pension costs		
Defined benefit plans	1.5	1.3
Defined contribution plans	0.9	1.0
Total	8.1	10.7

### Remuneration of members of the Supervisory Board and pension benefits

EUR thousand	Fees		Pension benefits, defined contribution plans	
	2024	2023	2024	2023
Paajanen Juha, Chair	79	78	13	13
Siponen Ahti, Deputy Chair	37	39	6	6
Other members total	163	187		
Total	278	304	19	19
Former members		11		
Total	278	315	19	19

### Remuneration of members of Board of Directors and pension benefits

EUR thousand	Fees		Pension benefits, defined contribution plans	
	2024	2023	2024	2023
Linnaranta Jussi, Chair	168	168	30	30
Mäkimattila Mikko, Deputy Chair	91	92	16	16
Hatva Teuvo, from 1.1.2024	83		13	
Heikkilä Taavi	98	98	16	16
Pitkänen Eija	85	81	15	13
Pärssinen Nina	85	87	15	14
Salonen Ilkka	101	101	16	16
Vanhänen Jussi	84	85	15	15
Total	796	710	135	120
Former members of the Board of Directors				
Parpala, Juha, until 31.12.2023	1	81	0	13
Saukkonen Timo, until 31.12.2022		2		0
Total	796	793	135	134

### Salaries and remunerations of the President and CEO and other members of the Executive Management Team and pension

EUR thousand	President and CEO		Other Executive Management Team	
	2024	2023	2024	2023
Salaries and remuneration				
Base salary including fringe benefits	895	864	2,776	2,665
Salaries and remuneration paid by other Group companies	138	135		
Short-term incentives <sup>1)</sup>		149		500
Long-term incentives <sup>2)</sup>	113	940	645	2,089
Total	1,146	2,088	3,421	5,253
Pension Costs				
Defined benefit plans	499	418	1,010	843
Defined contribution plans	213	264	543	535
Total	712	682	1,553	1,378
Salaries and remuneration as well as pension costs in total	1,858	2,770	4,974	6,631

- 1) The 2024 amount concerns performance in 2024; the 2023 amount concerns performance in 2024.
- 2) Includes the cost effect for the accounting period from several different programs. Further information can be found in note 3.3 Share-based payments and 3.4 Other long-term remuneration.

Based on a decision by the Board of Directors, the President and CEO may be paid a short-term reward based on defined financial criteria and strategic targets. The performance period for the reward is 12 months. In 2024 and 2023, the reward available in the short-term incentive system to the President and CEO was 37.5% of the fixed annual salary at the target level and 93.75% of the fixed annual salary at the maximum level.

Based on a decision by the Board of Directors, members of Metsä Group's Executive Management Team may be paid a short-term reward based on defined financial criteria and strategic targets. The performance period for the reward is 12 months. In 2024 and 2023, the reward available in the short-term incentive system for members of Metsä Group's Executive Management Team was 30% of the fixed annual salary at the target level and 75% of the fixed annual salary at the maximum level.

The term of notice of President and CEO Ilkka Hämälä is 12 months. If the contract of the President and CEO is terminated by the Board of Directors, the President and CEO is entitled to a severance pay corresponding to 12 months' salary. No severance pay is paid if the contract is terminated by the President and CEO. The terms of notice of other members of the Group's Executive Management Team is six months. Other members of the Executive Management Team are entitled to a compensation corresponding to 6–12 months' salary in case of severance due to reasons not dependent on the member.

The President and CEO's retirement age is determined in accordance with the Employees Pensions Act. The President and CEO has also been covered by a supplementary defined benefit pension scheme, and he reached the retirement age of 62 years defined in the supplementary pension scheme in 2023. Insurance premiums contributing to the supplementary pension are therefore no longer paid to the supplementary pension scheme. After the retirement age, the supplementary pension arrangement may incur index increase fees. Based on the supplementary pension scheme, the level of the President and CEO's pension is a maximum of 60% of the total salary under the Employees Pensions Act, calculated based on the five-year period preceding retirement. If President and CEO's employment at the Group ends before retirement, they are entitled to a paid-up policy.

Depending on the date on which their contract began, some members of Metsä Group's Executive Management Team have separate benefit-based supplementary pension insurance with a retirement age of 62. The level of the pension is at maximum 60% of the total salary according to the Employee Pensions Act, calculated on the basis of the five-year period preceding retirement. If their employment relationship with Metsä Group ends before retirement age, members of the Executive Management Team are entitled to a paid-up policy. At the end of 2024, three members of the Executive Management Team had supplementary pension arrangements.

No loans have been granted to management, nor have any guarantees or other collateral been pledged on behalf of management.

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## 3.3 Share-based payments

### Accounting principles

Share ownership programmes in which the payments are made as equity instruments and cash have been established for the company's top executives. The Group's share ownership plans are treated in full as arrangements settled in shares. The incentives granted are measured at fair value on the granting date, and recognised as expenses in the income statement and equity evenly over the vesting period.

The effect of the arrangements on profit is presented under personnel expenses.

During the review period, the company had four active share-based incentive systems: the 2020–2024 retentive and performance-based share incentive systems, which the Board of Directors decided to adopt on 12 December 2019; and the 2023–2027 retentive and performance-based share incentive systems, which the Board of Directors decided to adopt on 15 December 2022 as part of the incentive and commitment system for key personnel. The impact of the share-based incentive systems on the result of the 2024 financial period was EUR -1.5 million (-3.3).

### 2020–2024 performance-based share incentive system and 2023–2027 performance-based share incentive system

The systems offer the target group the opportunity to be awarded Metsä Board Corporation's series B shares based on performance periods of three calendar years for achieving the targets set for the respective performance criteria. The performance periods are the calendar years 2020–2022, 2021–2023, 2022–2024, 2023–2025, 2024–2026 and 2025–2027. The allocated number of shares includes both a share

component and a cash component. Likewise, the reward is paid partly in shares and partly in cash, and the aim is for the cash component to cover taxes and tax-like charges at the time of payment. The reward is not paid if the person's employment ends before the end of the performance period. The systems include a cap, and any portion exceeding it is permanently cut. The reward is paid in March following the performance period. The systems also include a two-year restriction period. If the employment relationship of a key employee ends during the restriction period, the key employee is required, as a rule, to return the transferred shares to the company without consideration.

Based on the achievement of the criteria for the 2021–2023 performance period, 223,325 Metsä Board Corporation's series B shares were transferred, and a cash component to cover the taxes and tax-like charges incurred from the reward was paid at the time of the share transfer.

### 2020–2024 retentive share-based incentive system and 2023–2027 retentive share-based incentive system

The system offers key employees in the target group the opportunity to be awarded Metsä Board Corporation's series B shares, provided that the participant's employment relationship is in force and remains in force until the end of the restriction period. The system has restriction periods of 12 to 36 months. The allocated number of shares includes both a share component and a cash component. Likewise, the reward is paid partly in shares and partly in cash, and the aim is for the cash component to cover taxes and tax-like charges at the time of payment. As a rule, rewards are not paid if the participant's employment relationship ends during the restriction period. No allocations have been made yet for the 2023–2027 retentive share-based incentive system.

Based on the 2022–2024 restriction period, 11,394 Metsä Board Corporation's series B shares were transferred, and a cash component covering the taxes and tax-like charges incurred from the reward was paid, at the time of the transfer of the shares.

### The basic information and events of the share-based incentive schemes

<b>2024</b>	<b>Share incentive schemes 2020–2024</b>	<b>Share incentive schemes 2023–2027</b>
Basic information		
Shares allocated to the scheme, shares	1,502,821	997,054
Criteria	Equity ratio, ROCE, EBIT	Equity ratio, ROCE, EBIT
Numer of key persons (31.12.2024)	28	30
Factors used to determine fair value <sup>1)</sup>		
Share fair value at grant date, EUR	8.21	6.57
Fair value on balance sheet date, EUR million	5.3	
Effect on result and financial position		
Expense in 2024 share-based payment, recognised as equity, EUR million	-1.5	
Share-based payments settled in cash, unpaid part (estimate), EUR million	0.4	
Number of shares 1 Jan. 2024 <sup>2)</sup>		
Outstanding at the beginning of the period	1,362,754	424,363
Changes during the year		
Shares granted	2,676	570,476
Shares forfeited	3,578	3,571
Shares exercised	567,531	
Shares expired		
Number of shares 31 Dec. 2024		
Outstanding at the end of the period	794,321	991,268

1) The fair value of the share-based payment at the time of transfer was the market price of Metsä Board Corporation's series B share less the amount of dividend to be distributed before the payment of the reward in accordance with the consensus estimates. The fair value of the share-based payment is recognised as an amount based on the best possible estimate of the amount of the reward to which a right is expected to be established.

2) The amounts of share-based rewards shown in the table are gross amounts – that is, they reflect the total number of shares transferred and the cash component paid based on share-based rewards. The remuneration is paid partly in shares and partly in cash. The cash contribution aims to cover taxes and tax-like charges at the time of payment of the fee.

## 3.4 Other long-term remuneration

### Accounting principles

Other long-term remuneration is treated in the Group in the same manner as the bonuses included in other long-term fringe benefits. Other long-term remuneration is measured at fair value on the balance sheet date and recognised as an expense in the income statement and as a liability on the balance sheet over the vesting period. The effect of the arrangements on profit is presented under personnel expenses.

Metsä Group's 2020–2024 long-term remuneration system is based on three-year performance periods (2020–2022, 2021–2023 and 2022–2024), and the 2023–2027 remuneration system on three-year performance periods (2023–2025, 2024–2026 and 2025–2027). Each performance period is followed by a restriction period of one year. The performance criteria, the targets set for them and the executives covered by the system are decided by the Board of Directors at the beginning of each performance period. The attainment of the targets established for a performance period determines the proportion of the reward to be paid to the executives. The Board is furthermore entitled to cut, partly or in full, the remuneration based on the system, provided that certain criteria related to the development of the Group's result and equity ratio are not met, or if the amount of remuneration would exceed the maximum remuneration specified for the executive concerned. In addition to meeting the performance criteria, rewarding is based on a synthetic share with a value that is calculated on the basis of the total value of Metsä Group. The reward limit of the President and CEO is at the maximum level 250%

of their fixed annual salary, while for other members of Metsä Group's Executive Management Team, it is 140% or 210% of their fixed annual salaries. In addition, a maximum level has been defined for remuneration. For the President and CEO, it is 325% of their fixed annual salary, and for other members of Metsä Group's Executive Management Team, 180% or 270% of their fixed annual salaries.

Any remuneration is paid in cash after the restriction period, and it includes all statutory taxes and any other tax-like charges. If an executive's service or employment contract terminates during the performance or restriction period, the executive forfeits, as a rule, their right to the remuneration.

Metsä Group's long-term remuneration scheme covers all the members of Metsä Group's Executive Management Team and other directors in key group positions (excluding Metsä Board, which has its own share-based remuneration scheme).

The impact of other long-term remuneration on the result for the 2024 financial period was EUR -0.6 million (-4.8).

<b>Performance period</b>	<b>2020–2022</b>	<b>2021–2023</b>	<b>2022–2024</b>
Number of allocated synthetic shares (gross)	1,041,951	1,078,073	1,078,131
Number of key persons (31 Dec. 2024)	62	67	73
<b>Performance period</b>	<b>2023–2025</b>	<b>2024–2026</b>	
Number of allocated synthetic shares (gross)	895,110	1,164,451	
Number of key persons (31 Dec. 2024)	76	81	

Performance criteria is Metsä Group's three-year average ROCE. Minimum values have also been set for the equity ratio and operating result.

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## 3.5 Pension obligations

### Accounting principles

The Group's arrangements concerning post-employment benefits are either defined contribution or defined benefit plans. A defined contribution plan is a pension arrangement in which fixed contributions are made to a separate unit, and the Group does not have legal or constructive obligations to make additional contributions if the fund has insufficient funds to pay all benefits to all employees in accordance with its future obligations. All arrangements that do not meet these requirements are considered to be defined benefit plans. A defined benefit plan defines the pension benefit that the employee will receive on retiring, the amount of which depends on factors such as the employee's age, years of service and salary level.

With defined benefit plans, the current value of the obligations on the end date of the reporting period, less the fair value of the assets included in the arrangement, is recognised on the balance sheet as a liability. The amount of the obligation arising from the plan is based on annual calculations by independent actuaries using the projected unit credit method. The current value of the obligation is determined using the interest rate equalling the interest rate of high-quality bonds issued by the companies as the discount rate for the estimated future cash flows. The bonds used in determining the interest rate have been issued in the same currency as the benefits to be paid, and their maturity is approximately the same as that of the corresponding pension obligation.

Actuarial gains and losses from experience verifications and changes in actuarial assumptions are recognised through items of other comprehensive income as a reimbursement or charge in equity for the period during which they have been incurred. Past service costs are recognised immediately through profit and loss.

Apart from contributions related to pension insurance, the Group does not have any other payment obligations in defined contribution plans. Obligation-based payments are allocated as expenses on an accrual basis.

### Key estimates and judgements

The current value of pension obligations arising from defined benefit plans and the obligation items recognised as expenses during the financial period are determined based on actuarial assumptions. These assumptions include the discount rate, the expected rise in salary levels, and life expectancy. The actuarial assumptions used may differ significantly from the actual results, due to changes in economic conditions or the employment relationships of the people covered by the arrangements. Significant differences between the assumptions and actual results may affect the amount of the pension liability and the items recognised as expenses.

The defined benefits plans in Great Britain guarantee a pension for participants of the plan, the amount of which is based on the length of service and the salary in the most recent working years. The arrangement is closed to new members. The pension plan in Great Britain is organised through an independent foundation separate from the Group.

In Finland, the Group has supplementary pension plans that are regarded as defined benefit plans. Depending on the date on which their contract began, some members of Metsä Group's Executive Management Team have separate benefit-based supplementary pension insurance with a retirement age of 62. The level of the pension is a maximum of 60% of the total salary pursuant to the Employees Pensions Act, calculated based on the five-year period preceding retirement. If their employment relationship with Metsä Group ends before retirement age, members of the Executive Management Team are entitled to a paid-up policy.

The defined benefit pension plan in Sweden concerns white-collar employees born in 1978 or earlier. The arrangement grant old-age pensions, family pensions and disability pensions. The amount of pension depends on the salary in which the future salary increases, length of service, promotions and other important factors like changes on the labour market are considered. The defined benefit plans in Sweden are unfunded. The obligation has a guarantee liability.

The Group also has defined benefit plans in Belgium and Italy.

### Pension and other post-employment benefits

EUR million	2024	2023
Liabilities recognised in balance sheet		
Defined benefit pension plans	53.2	59.1
Defined contribution pension plans	1.6	0.7
Total	54.7	59.8
Overfunded defined benefit pension plans in other non-current assets (Note 5.3)	-4.7	-4.7

### Defined benefit pension plans

The Group's most significant defined benefit pension plans are in Germany, the UK, Finland and Sweden.

The Group has several supplementary defined benefit pension plans in Germany. The arrangements grant old-age pensions, disability pensions and family pensions exceeding the statutory pension security to eligible employees, officials, senior management and former owners of the local company. The retirement age is usually 65 years, and the amount of pension depends on the length of service. Employees and senior management are required to have a service history of 25 to 30 years to receive a full pension. Regarding employees, all service years after the age of 18 are taken into account. Some of the pension arrangements are closed. The defined benefit plans in Germany are unfunded.

### Amounts recognised in balance sheet

EUR million	2024	2023
Present value of funded obligations	130.8	130.0
Fair value of plan assets	-120.1	-123.0
Deficit (+) / surplus (-)	10.7	7.1
Present value of unfunded obligations	37.7	47.3
Net liabilities (+) / net assets (-) of defined benefit pension plans, total	48.5	54.3
Defined benefit-based pension liabilities on the balance sheet, net	53.2	59.1
Defined benefit-based pension assets on the balance sheet, net	-4.7	-4.7

### Change in net defined benefit pension (asset) liability during 2024

EUR million	Present value of obligation	Fair value of plan assets	Total
1.1. 2024	177.3	-123.0	54.3
Current service cost	1.3		1.3
Administrative costs		0.3	0.3
Interest expense (+) or interest income (-)	6.6	-5.2	1.4
Income (-) and losses from settlement	-0.1		-0.1
Total amount recognised in profit and loss	7.8	-4.9	3.0
Remeasurements in other comprehensive income			
The return on plan assets, excl. amounts included in interest income or expense		1.1	1.1
Gains (-) and losses (+) from change in demographic assumptions	-0.3		-0.3
Gains (-) and losses (+) from change in financial assumptions	-2.7		-2.7
Experience gains (-) and losses (+)	3.3		3.3
Total remeasurements in other comprehensive income	0.3	1.1	1.4
Translation differences	1.9	-3.0	-1.1
Contributions			
From employers		-4.2	-4.2
From plan participants	0.0	0.0	0.0
Payments from plans			
Benefit payments	-10.7	8.2	-2.5
Settlements	-8.1	5.6	-2.5
31.12.2024	168.6	-120.1	48.5

In 2024, the defined benefit plan in Norway was converted into a defined contribution plan, reducing the value of the Group's defined benefit obligation by EUR 7.7 million and the value of assets by EUR 5.6 million.

### Change in defined benefit pension (asset) liability during 2023

EUR million	Present value of obligation	Fair value of plan assets	Total
1.1. 2023	171.5	-117.9	53.6
Current service cost	1.9		1.9
Interest expense (+) or interest income (-)	7.0	-5.2	1.8
Income (-) and losses from settlement	0.0		0.0
Total amount recognised in profit and loss	8.8	-5.2	3.7
Remeasurements in other comprehensive income			
The return on plan assets, excl. amounts included in interest income or expense		-1.3	-1.3
Gains (-) and losses (+) from change in demographic assumptions	-1.1		-1.1
Gains (-) and losses (+) from change in financial assumptions	1.1		1.1
Experience gains (-) and losses (+)	6.1		6.1
Total remeasurements in other comprehensive income	6.2	-1.3	4.8
Translation differences	0.8	-1.0	-0.2
Contributions			
From employers		-4.1	-4.1
From plan participants	0.0	0.0	0.0
Payments from plans			
Benefit payments	-9.7	7.1	-2.7
Settlements	-0.3	-0.5	-0.8
31.12.2023	177.3	-123.0	54.3

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### Defined benefit pension obligation and plan assets by country in 2024

EUR million	Germany	Great Britain	Finland	Sweden	Other Countries	Total
Present value of obligation	22.4	62.5	57.7	22.5	3.4	168.6
Fair value of plan assets	-2.4	-67.2	-47.8		-2.7	-120.1
Total	20.0	-4.7	9.9	22.5	0.7	48.5

### Defined benefit pension obligation and plan assets by country in 2023

EUR million	Germany	Great Britain	Finland	Sweden	Other Countries	Total
Present value of obligation	21.9	61.0	58.9	24.0	11.4	177.3
Fair value of plan assets		-65.8	-49.1		-8.1	-123.0
Total	21.9	-4.7	9.8	24.0	3.4	54.3

### Significant actuarial assumptions 2024

	Germany	Great Britain	Finland	Sweden	Other countries
Discount rate, %	3.1–3.5	5.2	2.7–3.5	3.5	3.0
Salary growth rate, %	2.2–3.0	0.0	2.0	2.6	3.1
Pension growth rate, %	2.0–2.2	3.1–3.3	2.1–2.3	1.8	2.1

### Significant actuarial assumptions 2023

	Germany	Great Britain	Finland	Sweden	Other countries
Discount rate, %	3.1–3.4	5.1–5.3	3.0–3.3	3.2	3.6–3.7
Salary growth rate, %	3.0	0.0	2.0	2.4	3.3–3.8
Pension growth rate, %	2.0–2.2	3.1–3.4	2.2–2.4	1.6	2.3–3.5

### Sensitivity of benefit obligation to changes in essential weighted assumptions

Change in assumption	Sensitivity of benefit obligation to changes in essential weighted assumptions			
	Increase 2024	Decrease 2024	Increase 2023	Decrease 2023
Discount rate, 0.5%-points	-4.0	4.3	-4.4	4.6
Salary growth rate, 0.5%-points	0.4	-0.4	0.6	-0.6
Pension growth rate, 0.5%-points	4.8	-4.6	5.1	-4.8
Life expectancy, 1 year	2.9	-3.0	3.0	-3.0

The sensitivity analyses described above are based on a situation in which all other assumptions remain unchanged when one assumption changes. The sensitivity of a defined benefit obligation to changes in significant actuarial assumptions has been calculated using the same method as used in calculating the pension obligation entered in the balance sheet.

### Plan assets

	2024 EUR million	%	2023 EUR million	%
Qualifying insurance policies	118.2	98	115.2	94
Cash and cash equivalents	1.7	1	1.9	2
Investment funds	0.3	0	5.9	5
Total	120.1	100	123.0	100

The most significant risks related to defined benefit plans are described below.

### Changes in the return on bonds

Liabilities arising from the arrangements have been calculated using a discount rate based on the return on high-quality bonds issued by the companies. A decline in the discount rate increases the arrangements' liabilities.

### Inflation risk

The majority of the plans' benefit obligations are linked to inflation, and higher inflation leads to higher liabilities.

### Life expectancy

The majority of the arrangement obligations is related to producing lifetime benefits for members, so the expected increase in life expectancy will increase the arrangement obligations.

In the 2025 financial period, the contribution made to post-employment defined benefit plans is expected to be EUR -5.6 million.

The weighted average duration of the defined benefit obligation is 11.8 years (12.8).

## 4. Capital employed

### 4.1 Intangible assets

#### Accounting principles

##### Goodwill

Goodwill arising from the merging of business operations is recognised as the amount by which the sum of the consideration paid, the non-controlling interests' share in the object of the acquisition and the previous holding exceed the fair value of the acquired net assets.

Goodwill is not depreciated. Instead, it is tested for impairment annually, and whenever there is an indication of a loss of value. For this purpose, goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition. Goodwill is recognised at original acquisition cost less accumulated impairment losses.

##### Other intangible assets

Intangible assets are initially recognised at their original acquisition cost on the balance sheet if the item meets the definition of an intangible asset, the acquisition cost can be reliably determined, and if it is probable that the expected financial benefit from the asset will accrue to the Group.

Intangible assets with limited useful lives are recognised as expenses over their known or estimated useful lives, using the straight-line depreciation method. Intangible assets for which a useful life cannot be determined, such as brands and trademarks acquired in business acquisitions, are not subject to depreciation but are tested annually for impairment.

The financial useful life of an asset is checked at least at the end of each financial period, and adjustments are made when necessary to reflect changes in the expected financial benefit of the asset. According to management's estimates, intangible assets have no residual value.

##### Research and development costs

Research costs are recognised as expenses at the time they are incurred. Development costs are capitalised and amortised over their useful lives if the research project is likely to generate financial benefits, and the costs can be reliably measured.

#### Computer software

Costs related to developing and building significant new computer software are recognised as intangible assets on the balance sheet and depreciated on a straight-line basis over the estimated useful life, which is not to exceed seven years. Maintenance and operating costs related to computer software are recorded as expenses in the reporting period during which they have been incurred.

Configuration and customisation costs in the deployment of cloud services are recognised as expenses if they do not result in intangible assets. If the services received by the Group are separable, the costs are recognised as expenses when the supplier modifies the application. If the services received by the Group are not separable, the costs are recognised as expenses when the supplier provides access to the application during the term of the agreement.

#### Patents, licences and trademarks

The acquisition cost of patents, licences and trademarks with finite useful lives is capitalised on the balance sheet under intangible assets and depreciated on a straight-line basis over a useful life of 5–20 years.

#### Emission allowances

The Group has received emission allowances in accordance with the European Union Emissions Trading System. Allowances are treated as intangible assets and are measured at the lower of the acquisition cost or fair value at the end of the financial period. The acquisition cost of emission allowances received without consideration is zero. Emission allowances are used simultaneously with the carbon dioxide emissions generated during their validity period. Earnings from emission allowances sold are recognised in other operating income. If the emission allowances received without consideration are not sufficient to cover the amount of the actual emissions, the Group purchases additional allowances from the market. The allowances purchased are recognised in intangible rights at the fair value on the acquisition date. The provision to fulfil the obligation to return the emission allowances is recognised at fair value on the closing date of the reporting period if the emission allowances received without consideration and purchased are not sufficient to cover the amount of the actual emissions.

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## Intangible assets 2024

EUR million	Goodwill	Other intangible assets	Construction in progress	Total
Acquisition cost, 1 Jan. 2024	616.6	536.7	95.7	1,249.0
Translation differences	-3.5	0.1	0.0	-3.4
Additions		2.8	71.8	74.7
Decrease		-55.3		-55.3
Transfers between items		7.6	-7.4	0.2
Acquisition cost, 31 Dec. 2024	613.1	491.8	160.2	1,265.1
Accumulated depreciation and impairment charges 1 Jan. 2024	-197.5	-307.6		-505.0
Translation differences		-0.1		-0.1
Accumulated depreciation on deductions and transfers		55.8		55.8
Depreciations for the period		-16.9		-16.9
Impairments		-7.8		-7.8
Accumulated depreciation and impairment charges 31 Dec. 2024	-197.5	-276.7		-474.2
Book value, 1 Jan. 2024	419.1	229.1	95.7	743.9
Book value, 31 Dec. 2024	415.6	215.1	160.2	791.0

Impairment includes a write-down of EUR -7.6 million for the pre-study of the Kaskinen folding boxboard mill.

## Intangible assets 2023

EUR million	Goodwill	Other intangible assets	Construction in progress	Total
Acquisition cost, 1 Jan. 2023	616.3	456.6	74.6	1,147.5
Translation differences	0.3	-2.0	0.0	-1.7
Additions		27.8	44.2	72.0
Acquisitions		6.2		6.2
Decrease		18.3		18.3
Transfers between items		29.7	-23.1	6.6
Acquisition cost, 31 Dec. 2023	616.6	536.7	95.7	1,249.0
Accumulated depreciation and impairment charges 1 Jan. 2023	-197.5	-259.4		-456.9
Translation differences		2.0		2.0
Accumulated depreciation on deductions and transfers		-34.2		-34.2
Depreciations for the period		-16.0		-16.0
Accumulated depreciation and impairment charges 31 Dec. 2023	-197.5	-307.6		-505.0
Book value, 1 Jan. 2023	418.9	197.2	74.6	690.7
Book value, 31 Dec. 2023	419.1	229.1	95.7	743.9

Acquired businesses include the intangible assets of MI Demo Oy. Further information about acquired businesses is available in Note 7.4.

In 2024, EUR 16.4 million (6.6) of development costs was capitalised. The research and development costs recognised as expenses are presented in Note 2.4, Operating expenses.

In 2024, the Group received 651 thousand tonnes (951) of emission allowances free of charge. In addition, the Group purchased 0 thousand tonnes (98) of emission allowances on the market and sold 630 thousand tonnes (837) of emission allowances to the market. On the balance sheet date, the Group had 591 thousand tonnes (1,067) of emission allowances. It also had 245 thousand tonnes of free allowances for 2024 which had yet to be entered in the emissions trading register on 31 December 2024 due to a delay in their allocation. Emissions during the financial period totalled 459 thousand tonnes (504).

Capital gains from the sale of emission allowances recognised in other operating income totalled EUR 41.1 million (62.1), and the costs of emission allowances recognised in materials and services were EUR -0.0 million (-0.0). At the end of the financial periods 2024 and 2023, the balance sheet had no provisions related to emission allowances. At the end of the period, the market value of the emission allowances was EUR 69.96 per tonne (77.25), and the market value of emission allowances possessed, including the delayed allowances, was EUR 58.5 million (82.4).

Other intangible assets included EUR 140.7 million (140.7) in brands and trademarks, the useful life of which is estimated to be indefinite. This estimate is based on there being no anticipated limit to the period over which brands and trademarks generate a cash flow to the Group. The most significant of these is the pulp brand Metsä, allocated to the Pulp and Sawm Timber Industry, whose carrying value is EUR 134.8 million (134.8). In addition, Tissue and Greaseproof Papers include EUR 5.9 million (5.9) in brands and trademarks with an indefinite useful life.

Work in progress is mainly related to the renewal of the Group's ERP system.

## Goodwill allocated to segments

EUR million	2024	2023
Pulp and Sawm Timber Industry	3.8	3.8
Paperboard Industry	12.2	12.2
Tissue and Greaseproof Papers	18.9	22.4
Other Operations	390.4	390.4
Eliminations	-9.7	-9.7
Total	415.6	419.1

Other operations include goodwill of EUR 389.8 million related to Metsä Fibre acquisition and EUR 0.6 million related to acquisition of Metsä Tissue.

## Goodwill allocated in impairment testing

EUR million	2024	2023
Pulp and Sawm Timber Industry, total		
Pulp and Sawm Timber Industry	3.8	3.8
Other Operations	389.8	389.8
Eliminations	-3.8	-3.8
Pulp and Sawm Timber Industry, total	389.9	389.9
Paperboard Industry	12.2	12.2
Tissue and Greaseproof Papers, total		
Tissue and Greaseproof Papers	18.9	22.4
Other Operations	0.6	0.6
Eliminations	-5.9	-5.9
Tissue and Greaseproof Papers, total	13.5	17.0
Total	415.6	419.1

## Impairment of assets

### Accounting principles

Depreciation is not recognised for assets with indefinite useful lives. Instead, such assets are tested for impairment annually. Assets that are subject to depreciation are always tested for impairment when events or changes in conditions indicate that it is possible that the monetary amount corresponding to the book value of the assets might not be recoverable.

Cash-generating units are reporting segments or smaller units for which a utility value can be defined.

The recoverable amount is the higher of the fair value of an asset less costs of disposal, and its value in use. Value in use is the estimated future net cash flows, discounted to their present value, expected to be derived from the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of the asset is higher than its recoverable amount. If the impairment loss concerns a cash-generating unit, it is first allocated to decrease the goodwill of the cash-generating unit, and thereafter to decrease the other assets of the unit symmetrically. In connection with the recognition of the impairment loss, the useful life of the depreciated asset is re-evaluated. An impairment loss recognised for an asset other than goodwill is reversed if a change has taken place in the estimates used to determine the recoverable amount of the asset. However, the maximum reversal of an impairment loss amounts to no more than the carrying amount of the asset if no impairment loss had been recognised. An impairment loss recognised on goodwill is not reversed under any circumstances.

Metsä Group carries out impairment testing once a year, during the fourth quarter, based on the situation on 30 September, or more frequently if signs of a possible impairment are detected.

## The group's impairment testing and key assumptions in the situation on 30 September 2024

Cash-generating unit	Goodwill (EUR million)	Brand (EUR million)	Discount rate after taxes 30 Sep. 2024	Discount rate after taxes 30 Sep. 2023	Long-term growth rate 30 Sep. 2024	Long-term growth rate 30 Sep. 2023
Pulp and Sawm Timber Industry	389.9	134.8	6.8	8.0	2.0	2.0
Paperboard Industry						
Folding boxboard	8.6		6.8	7.9	2.0	2.0
Liner	3.7		6.8	7.9	2.0	2.0
Market pulp			6.8	7.9	2.0	2.0
Tissue and Greaseproof Papers						
Tissue papers	12.6	5.9	6.8	7.9	2.0	2.0
Greaseproof papers	2.5		6.8	7.9	2.0	2.0

In 2024, the Group did not recognise impairment based on impairment testing. In impairment tests, a reasonably potential change in any individual key assumption will not lead to the recognition of an impairment.

The recoverable amounts of cash-generating units are based on calculations of value in use. The management's key estimates in the calculations concern the development of delivery volumes and sales prices, the development of costs related to key raw material costs and other costs, as well as the discount rate and the long-term growth rate. The recoverable amounts are based on five-year projections and the resulting, steadily growing cash flows. The initial value used for the key assumptions

of cash flows – prices and variable costs – after the forecast period is the average of the five-year forecast period. The value used for delivery volumes and fixed costs is the value of the forecast period's fifth year. The key testing assumptions are management estimates and forecasts obtained from external sources of information.

The discount rate used is the weighted average cost of capital (WACC). When calculating the WACC, the cost of debt takes the market-based view of the credit risk premium into account.

Impairments of intangible assets and tangible fixed assets are presented in notes 4.1 and 4.2.

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**4.2 Property, plant and equipment**

**Accounting principles**

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and impairment losses.

The acquisition cost includes costs that are directly incurred in the acquisition of an item of property, plant or equipment. External capital expenses resulting directly from the acquisition, construction or manufacture of an item of property, plant or equipment that meet the conditions are activated as part of the acquisition cost of property, plant and equipment.

If a piece of property, plant or equipment consists of several parts with differing useful lives, each part is handled as a separate item. In that case, the expenses related to replacing the part are capitalised, and any book value remaining at the time of replacement is derecognised on the balance sheet.

Spare parts, spare equipment and maintenance supplies are recognised in property, plant and equipment if their useful life is expected to exceed 12 months. Otherwise, such commodities are classified as inventories.

Significant investments in renovations and improvements are capitalised on the balance sheet and depreciated over the remaining useful life of the main commodity related to such investments. Repair and maintenance costs are recognised as expenses when they are realised.

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life. Owned land and water areas are not subject to depreciations.

**Estimated useful lives**

Buildings and constructions	20–40 years
Machinery and equipment	
Heavy power plant machinery	20–40 years
Other heavy machinery	15–20 years
Lightweight machinery and equipment	5–15 years
Other tangible assets	3–10 years

The useful life of an asset is checked at least at the end of each financial period, and adjustments are made when necessary to reflect changes in the expected financial benefit of the asset. According to management's estimates, property, plant and equipment have no residual value.

Gains and losses arising from the sale and decommissioning of items of property, plant and equipment are recognised in other operating income and expenses. Sales gains or losses are calculated as the difference between the sales price and the remaining acquisition cost.

Government grants and allowances related to the acquisition of commodities are presented as acquisition cost adjustments on the balance sheet and recognised as income in the form of lower depreciation during the useful life of the asset. Other government grants and allowances are systematically recognised as income under other operating income for the period in which the corresponding cost was incurred.

**Leases**

The Group has leased various land areas, properties, equipment and vehicles. When the leased asset is available for the Group's use, the right-of-use item and the corresponding liability of the lease is recognised. The rent paid is divided into a decrease in liabilities and a financial expense. The financial expense is recognised through profit or loss over the lease term so that the interest rate of the remaining debt balance is the same during each period. The leased asset is depreciated on a straight-line basis over the asset's useful life or the lease term, depending on which is shorter.

Assets and liabilities arising from leases are initially measured at the present value. Lease liabilities include fixed payments, less any lease incentives receivable; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate. Right-of-use assets are measured at cost, which includes the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred; and any costs incurred by restoring the site on which it is located.

Some of the leases include options to extend or terminate, which are largely available only for the Group, not the lessor.

Payments related to short-term leases or leases where the value of the underlying asset is low are recognised as costs on a straight-line basis. A lease with a lease term of 12 months or less is considered a short-term lease. Assets of a low value include mainly ICT and office equipment.

**Key estimates and judgements**

**Property, plant and equipment**

Determining the useful life of property, plant and equipment requires the management's judgement. For example, allocating the value of a large mill investment across various asset groups has a significant impact on annual depreciation due to the differences in straight-line depreciation periods used for different assets.

**Leases**

When determining the lease term, the management accounts for all relevant facts and circumstances that create an economic incentive to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Options to extend the lease (or the time subsequent to an option to terminate) are accounted for in the lease term only if the extension of the lease (or the decision not to terminate the lease) is reasonably certain.

Possible future cash flows of EUR -56.5 million have not been included in the lease liability because the extension of the lease (or the decision not to terminate it) is not reasonably certain. The Group will conduct a reassessment on the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee and affects the assessment.



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## Tangible assets 2024

EUR million	Land and water areas		Buildings and constructions		Machinery and equipment	
	Owned	Leased	Owned	Leased	Owned	Leased
Acquisition cost, 1 Jan. 2024	57.2	12.2	2,280.0	73.6	8,009.4	105.0
Translation differences	0.0	0.0	-5.6	0.8	-54.8	-0.2
Additions	0.8	4.1	27.3	8.1	120.1	24.0
Acquisitions			.		0.6	0.1
Decrease	-3.0	-0.3	-29.2	-4.8	-61.5	-14.2
Transfers between items	0.1		21.6		101.5	
Acquisition cost, 31 Dec. 2024	55.0	16.0	2,294.1	77.6	8,115.3	114.8
Accumulated depreciation and impairment charges 1 Jan. 2024	-0.7	-2.9	-902.8	-34.5	-4,533.2	-41.0
Translation differences	0.0	0.0	2.9	-0.4	33.7	0.1
Accumulated depreciation on deductions and transfers	0.1	0.3	25.6	4.3	54.0	12.8
Depreciations for the period		-1.7	-76.0	-13.0	-314.5	-18.1
Impairments	-0.2		-0.3		-12.9	
Accumulated depreciation and impairment charges 31 Dec. 2024	-0.8	-4.3	-950.7	-43.6	-4,773.0	-46.2
Book value, 1 Jan. 2024	56.5	9.3	1,377.2	39.1	3,476.2	63.9
Book value, 31 Dec. 2024	54.2	11.8	1,343.4	34.1	3,342.4	68.6

EUR million	Other tangible assets	Construction in progress	Total	Total	Total
	Owned	Owned	Owned	Leased	Total
Acquisition cost, 1 Jan.	152.6	312.5	10,811.7	190.8	11,002.4
Translation differences	-0.4	-4.0	-64.8	0.6	-64.1
Additions	4.7	338.4	491.3	36.3	527.6
Acquisitions			0.6	0.1	0.7
Decrease	-3.2	-2.2	-99.0	-19.4	-118.4
Transfers between items	1.2	-124.5	-0.2		-0.2
Acquisition cost, 31 Dec.	155.0	520.1	11,139.5	208.5	11,348.0
Accumulated depreciation and impairment charges 1 Jan.	-77.4		-5,514.1	-78.4	-5,592.4
Translation differences	0.2		36.7	-0.4	36.4
Accumulated depreciation on deductions and transfers	3.9		83.6	17.4	101.0
Depreciations for the period	-5.6		-396.1	-32.7	-428.9
Impairments	-0.7		-14.1		-14.1
Accumulated depreciation and impairment charges 31 Dec.	-79.5		-5,804.0	-94.0	-5,898.0
Book value, 1 Jan.	75.3	312.5	5,297.6	112.4	5,410.0
Book value, 31 Dec.	75.4	520.1	5,335.6	114.4	5,450.0

Additions are mainly related to the construction of the Äänekoski Kerto LVL mill, the renewal of the Simpele board mill, the renewal of the Husum port concept, and the renewal and expansion of the Mariestad mill.

Impairment includes an impairment of EUR -13.9 million for the closure of the Suolahti plywood mills, an impairment of EUR -3.3 million for the

closure of the Merikarvia sawmill, and an impairment of EUR -2.1 million related to the Future Tissue Paper Mill programme. Impairment also includes EUR 5.2 million in impairment reversals related to the sale of the Group's Russian subsidiaries.

## Tangible assets 2023

EUR million	Land and water areas		Buildings and constructions		Machinery and equipment	
	Owned	Leased	Owned	Leased	Owned	Leased
Acquisition cost, 1 Jan. 2023	57.4	11.1	1,618.6	69.1	6,361.8	93.7
Translation differences	0.1	0.0	-3.0	1.1	10.2	0.1
Additions	0.3	2.1	335.2	12.6	858.1	39.8
Acquisitions			9.2		19.1	
Decrease	-1.8	-1.0	-44.6	-9.3	-52.5	-28.6
Transfers between items	1.3		364.6		812.6	
Acquisition cost, 31 Dec. 2023	57.2	12.2	2,280.0	73.6	8,009.4	105.0
Accumulated depreciation and impairment charges 1 Jan. 2023	-0.5	-2.4	-890.1	-30.0	-4,420.1	-53.7
Translation differences	0.0	0.0	4.6	-0.3	-1.4	0.0
Accumulated depreciation on deductions and transfers	0.0	0.6	43.5	8.0	124.4	27.9
Depreciations for the period	-0.2	-1.0	-60.3	-12.1	-234.6	-15.3
Impairments			-0.6		-1.4	
Accumulated depreciation and impairment charges 31 Dec. 2023	-0.7	-2.9	-902.8	-34.5	-4,533.2	-41.0
Book value, 1 Jan. 2023	56.8	8.7	728.5	39.1	1,941.7	40.0
Book value, 31 Dec. 2023	56.5	9.3	1,377.2	39.1	3,476.2	63.9

EUR million	Other tangible assets	Construction in progress	Total	Total	Total
	Owned	Owned	Owned	Leased	Total
Acquisition cost, 1 Jan. 2023	156.0	1,734.4	9,928.1	173.9	10,102.1
Translation differences	-1.0	0.5	6.7	1.1	7.8
Additions	3.7	-167.5	1,029.8	54.6	1,084.4
Acquisitions		0.1	28.4		28.4
Decrease	0.2	-76.0	-174.7	-38.9	-213.5
Transfers between items	-6.2	-1,178.9	-6.6		-6.6
Acquisition cost, 31 Dec. 2023	152.6	312.5	10,811.7	190.8	11,002.4
Accumulated depreciation and impairment charges 1 Jan. 2023	-79.2		-5,390.0	-86.1	-5,476.2
Translation differences	1.3		4.5	-0.3	4.2
Accumulated depreciation on deductions and transfers	6.4		174.3	36.5	210.8
Depreciations for the period	-5.8		-300.8	-28.4	-329.2
Impairments			-2.0		-2.0
Accumulated depreciation and impairment charges 31 Dec. 2023	-77.4		-5,514.1	-78.4	-5,592.4
Book value, 1 Jan. 2023	76.7	1,734.4	4,538.1	87.8	4,625.9
Book value, 31 Dec. 2023	75.3	312.5	5,297.6	112.4	5,410.0

Additions are mainly related to the construction of the Kemi bioproduct mill and the development programmes of the Husum and Kemi paperboard mills.

Acquired businesses include the property, plant and equipment of MI Demo Oy. Further information about acquired businesses is available in Note 7.4.

Impairment includes EUR -1.2 million related to the closure of the old Kemi pulp mill.

In 2024, a total of EUR 8.0 million (24.9) in borrowing costs was capitalised. The average interest rate applied to capitalisation was 3.44% (2.13).

## Leases

EUR million	2024	2023
Costs related to short-term leases	-7.1	-4.5
Costs of leases in which the underlying asset is of low value	-22.9	-20.5
Interest expenses	-4.4	-3.7
Cash outflow for leases	-37.8	-32.8

Disclosures on lease liabilities are presented in Note 5.5 Financial liabilities and interest-bearing net liabilities and 5.6 Management of financial risks and disclosures on lease obligations in Note 8.1 Commitments and contingencies.

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## 4.3 Biological assets

### Accounting principles

Metsä Group's biological assets (growing trees) are measured at fair value less the estimated expenses from a sale. The fair value of a stand of trees is based on the current value of expected cash flows (income and expenses), and changes in fair value are recognised in the operating result. Young trees are measured at acquisition cost. The fair value of biological assets is categorised at Level 3. The levels of the fair value hierarchy are depicted in Note 5.7.

EUR million	2024	2023
At 1 Jan.	2.7	3.2
Sales during the period		0.0
Harvested during the period	0.0	-0.1
Gains / losses arising from changes in fair value	0.4	-0.4
At 31. Dec.	3.1	2.7

The Group has long-term forest lease agreements in Latvia. The agreements have not been recognised in the balance sheet because their price or fixed price determination basis is not defined in the agreements. The price is usually determined by the government once a year or more frequently in some cases. In practice, the price follows the auction prices for short-term felling rights. Long-term felling rights are primarily used for ensuring the availability of wood.

## 4.4 Other investments

### Accounting principles

Other investments consist of unlisted equity investments. The most significant of these is the Group's holding in Pohjolan Voima. This investment is unlisted and strategic in nature, serving the Group's long-term energy sourcing needs. The Group classifies the shares in Pohjolan Voima Oyj as financial assets recognised at fair value in other comprehensive income. The changes in the fair value of these financial assets are presented in the fair value reserve, taking into account the tax impact. When the investment is divested, the changes in fair value accumulated in equity will be transferred from the fair value reserve to retained earnings. The Group classifies other equity financial assets as financial assets recognised at fair value through profit and loss.

The fair values of unlisted shares are determined using various valuation models such as the price levels or recent transactions and valuation methods based on the current value of discounted cash flows. As far as possible, the valuation methods are founded on market-based valuation factors. The fair value of unlisted assets is categorised at Level 3. The levels of the fair value hierarchy are depicted in Note 5.7.

### Key estimates and judgements

#### Fair value measurement

Management has exercised judgement in determining that other investments are to be treated as financial assets recognised at fair value through other comprehensive income. The most significant of these investments is the Group's investment in the shares of Pohjolan Voima Oyj. The application of valuation models to measuring fair value requires judgement concerning the selection of the method to be applied, as well as valuation factors required by the chosen method that are based on the price and interest levels prevailing in the market on the end date of each reporting period.

The value of these shares is measured as the current value of discounted cash flows. Key factors affecting cash flows include the price of electricity, inflation expectations and the discount rate. The energy prices for the first eight years are rolling 12-month averages of electricity futures prices. The prices for subsequent years are based on a long-term market price forecast.

The carrying amount of the Group's shares in Pohjolan Voima was EUR 232.5 million (271.1) on the balance sheet on 31 December 2024. The carrying amount of these shares is expected to change by EUR -9.3 million (-11.3), and EUR 9.8 million (12.0) if the rate used for discounting the cash flows changes by 0.5% from the rate estimated by management. The carrying amount of the shares is estimated to change by EUR 64.7 million (71.6) should the energy prices applied in the fair value calculation differ by 10% from the rate estimated by management.

EUR million	2024	2023
Pohjolan Voima Oyj	232.5	271.1
Other non-quoted shares	4.8	4.3
Total	237.3	275.3

The most significant item in other investments is the 3.0% stake in Pohjolan Voima Oyj, which produces electricity and heat for its shareholders in Finland and engages in trade with them. The price of electricity and heat is based on production costs, and the price paid is usually below the market price.

Through the B shares of Pohjolan Voima, the Group is entitled to a share of approximately 5.2% of the energy generated by the Olkiluoto 1 and Olkiluoto 2 nuclear power plants and, through the B2 shares of Pohjolan Voima, to a share of 2.0% of the energy generated by the Olkiluoto 3 nuclear power plant.

The holding of Pohjolan Voima Oyj shares is recognised quarterly at fair value for each series of shares using the discounted cash flow method. The weighted average cost of capital applied in the calculation was 5.51% (5.35). The acquisition cost of Pohjolan Voima Oyj shares is EUR 33.4 million (33.5), and the fair value is EUR 232.5 million (271.1). The fair value of nuclear power shares totalled EUR 222.3 million (259.4), and that of hydroelectric power shares (series A) EUR 10.2 million (11.5).

The shareholder agreement of Pohjolan Voima prevents the free selling of shares with non-shareholders.

## 4.5 Inventories

### Accounting principles

Inventories are measured at the lower of acquisition cost or net realisable value. In measuring inventories, the FIFO principle is observed or, alternatively, the weighted average price method, depending on the nature of the inventories. The acquisition cost of finished products acquired comprises all purchase costs, including direct transport, handling and other expenses. The acquisition cost of finished and semi-finished products of own manufacture includes raw materials, direct production costs, and the systematically allocated portion of variable manufacturing overheads and fixed overheads at the normal level of operation. The cost of debt is not included in the acquisition cost.

Net realisable value is the estimated sales price in ordinary business operations less the estimated cost of production and the necessary sales costs.

### Key estimates and judgements

The Group regularly reviews its inventories for situations where the inventories contain downgraded items or their market value falls below the acquisition cost. When necessary, the Group reduces the book value of the inventories accordingly. This review requires the management's estimates of the sales prices of products, the cost of completion and the costs necessary to make the sale. Any changes in these estimates might lead to an adjustment in the book value of the inventories in future periods.

EUR million	2024	2023
Raw materials and consumables	792.0	619.3
Work in progress	29.8	27.7
Finished goods	643.1	495.0
Advance payments	48.7	38.7
Total	1,513.6	1,180.7

In 2024, EUR -6.3 million (14.1) was recognised as a cost when the carrying amount of inventories was reduced to match their net realisation value. Of the cost, EUR -2.0 million is related to the winding down of operations at the Suolahti plywood mills, and EUR -1.0 million to the winding down of sawing operations at the Merikarvia sawmill. Of the 2023 expenses, EUR -8.9 million is related to the closure of the old Kemi pulp mill. In the income statement, the expenses are entered under materials and services.

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## 4.6 Trade receivables and other receivables

### Accounting principles

Non-UCITS funds are measured at fair value, and income and losses from changes in fair value are recognised in financial items in the income statement. Trade and other receivables are initially measured at fair value and later at amortised cost, taking impairment into account.

Expected credit losses on trade receivables are calculated using a provision matrix. The expected credit loss expense is recognised by applying expected credit loss percentages based on five-year historic losses – net of credit insurance – on trade receivables from external debtors outstanding at the end of the period. The expected credit loss percentages are business-area-specific and vary between 0.0 and 0.1 (2023: 0.0–0.2). A credit loss is recognised when a customer enters legal bankruptcy or becomes past due for more than 180 days without a valid payment plan or other valid reasons.

EUR million	2024	2023
Special investment funds		
At 1. Jan.	4.0	4.3
Increase		0.0
Change in fair value	0.1	-0.3
At 31. Dec.	4.1	4.0
Accounts receivable from associated companies and joint ventures	1.8	1.8
Accounts receivable from others		
Accounts receivables	653.5	680.7
Loss allowance	-0.6	-0.9
Accounts receivable from others, total	652.9	679.9
Loan receivables	2.6	3.1
VAT receivables	89.6	75.7
Other receivables	9.7	18.3
Prepayments and accrued income	27.8	30.7
Accounts receivables and other receivables, total	788.5	813.5

### Loss allowances of accounts receivable

EUR million	2024	2023
At 1 Jan.	-0.9	-1.4
Increase	-0.1	-0.8
Decrease	0.4	1.4
At 31 Dec.	-0.6	-0.9

The credit losses recorded in the income statement were EUR -0.1 million (-0.0).

### Age distribution of accounts receivable

EUR million	2024	2023
Not overdue	580.0	586.2
Overdue		
Less than 30 days	55.7	79.3
Between 31 and 60 days	10.5	9.1
Between 61 and 90 days	3.7	2.7
Between 91 and 180 days	0.7	0.4
More than 180 days	2.3	2.1
Total	652.9	679.9

## 4.7 Other non-current liabilities

EUR million	2024	2023
Advance payments received	6.1	8.8
Accounts payables	2.3	1.7
Loans		0.3
Accruals and deferred income	0.5	1.1
Total	8.9	11.9

## 4.8 Trade payables and other liabilities

EUR million	2024	2023
Advance payments received	10.1	10.4
Accounts payable	556.8	634.2
Accounts payable, Supply Chain Finance schemes	399.4	426.8
Other liabilities	57.9	59.6
Accruals and deferred income		
Customer discounts	61.9	77.2
Purchase-related items	206.5	202.0
Employee costs	122.7	146.0
Other accrued expenses	156.3	184.0
Total	1,571.5	1,740.2

### Supply Chain Finance schemes

Metsä Group has a Supplier Finance Arrangement (SFA) with a few key suppliers related to the procurement of pulp and wood raw material. Under the SFA, the supplier sells their receivable to the bank providing the SFA, and Metsä Group settles the trade payable later. SFAs partly replace the earlier advance payment arrangements, and their aim is not to cause a significant deviation from Metsä Group's normal payment terms.

EUR million	2024	2023
Supplier finance arrangements, carrying amount of trade payables		
Purchase of pulp	84.1	60.6
Purchase of wood raw material	315.3	366.2
Total	399.4	426.8
Of which suppliers have received payment	399.4	426.8
Payment period, days from the invoice date		
Liabilities that are part of the arrangement		
Purchase of pulp	63	63
Purchase of wood raw material	93	93
Comparable trade payables that are not part of the arrangement		
Purchase of pulp	30	30
Purchase of wood raw material	30	30

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## 4.9 Provisions

### Accounting principles

A provision is recognised when, as a result of an earlier event, the Group has a legal or actual obligation, the realisation of a payment obligation is likely, and the amount of the obligation can be reliably estimated. Any reimbursement from a third party is presented as an asset separate from the provision if it is practically certain that reimbursement will be received.

### Restructuring

A restructuring provision is recorded when the Group has incurred a legal or constructive obligation to make a payment. Termination payments are recorded when a detailed plan has been made for the restructuring and the Group has raised valid expectations in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. If the Group makes an offer to employees concerning voluntary resignation against the benefits determined in the offer, the liability arising from this is recorded when the Group can no longer withdraw its offer. The obligation arising from such an offer is based on the number of employees that the Group expects to accept the offer. Benefits falling due in twelve months' time or later are measured at their current value.

### Environmental obligations

An environmental obligation is recognised if, based on the current interpretation of environmental legislation, it is likely that an obligation has arisen, the payment obligation is likely to be realised, and its amount can be reliably estimated. The obligation is recorded at the current value of estimated future expenses. A sum corresponding to the obligation is also recognised in property, plant and equipment.

### Other provisions

Other provisions include mainly warranty provisions, liabilities resulting from disputes and employment affairs as well as other contractual obligations.

### Key estimates and judgements

Determining the criteria for the recognition of provisions involves the management's judgement. The amounts recognised as provisions are based on the management's best assessment of the expenses required to handle the obligation. As the timing and amount of these expenses are not fully certain, the actual expenses may differ significantly from the original estimate. The book value of provisions is regularly reviewed and adjusted as required, taking into account changes in cost assessments, regulation, technology and conditions.

EUR million	Restructuring	Environmental obligations	Other provision	Total
1 Jan. 2024	1.2	9.6	3.5	14.3
Translation differences		0.0	0.0	0.0
Increases	5.0	0.0	0.5	5.5
Utilised during the year	-1.1	-0.3	-0.7	-2.2
Unused amounts reversed		0.0	-0.9	-0.9
31 Dec. 2024	5.1	9.3	2.3	16.7
Non-current	5.1	9.3	1.9	16.3
Current			0.4	0.4
Total	5.1	9.3	2.3	16.7

The increases in restructuring provisions are related to the closure of the Suolahti plywood mills.

EUR million	Restructuring	Environmental obligations	Other provisions	Total
1 Jan. 2023	5.0	9.6	4.2	18.8
Translation differences		0.0	-0.2	-0.2
Increases		0.0	0.6	0.6
Utilised during the year	-3.8	0.0	-1.1	-5.0
Unused amounts reversed	0.0			0.0
31 Dec. 2023	1.2	9.6	3.5	14.3
Non-current	0.1	9.3	2.0	11.5
Current	1.1	0.3	1.4	2.9
Total	1.2	9.6	3.5	14.3

The Group companies have environmental responsibilities related to former industrial activities on sites that have since been closed, sold or leased, and to decommissioned landfill sites. Provisions for the costs of land rehabilitation work have been made in cases where it has been possible to measure the Group's liability for land contamination and any post-treatment obligations.

The environmental provisions and other provisions are expected to be released for the most part by 2030.

## 5. Capital structure and financial risks

### 5.1 Equity

#### Accounting principles

Members' capital consists of participation shares and additional shares.

Under IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments, shares for which the co-operative does not have an unconditional right to refuse redemption in accordance with the cooperative's rules are classified as financial liabilities. The rules of

Metsäliitto Cooperative specify the maximum amount of members' capital that may be redeemed annually. One third of the distributable surplus shown on the most recently adopted balance sheet may be used for refunds of participation and additional shares. This share of members' capital is recognised as a financial liability in the financial statements. The part regarded as a financial liability of the interest paid on members' capital has been recognised in financial expenses in the income statement.

#### Changes in members' capital 2024

EUR million	Participation shares	Metsä1 additional shares	A additional shares	B additional shares	Total
Members' capital at 1 Jan.	227.6	828.0	318.1	79.2	1,452.9
Paid-in members' capital	4.8	89.0			93.8
Entry of interest on shares	2.0	44.2			46.2
Surplus reimbursement as Metsä1 additional shares		13.7			13.7
Fund increase related to an equity bonus		5.4	0.0		5.4
Conversion from A additional shares		67.3	-67.3		0.0
Refund of share payments	-4.2	-37.6	-20.2	-11.4	-73.5
Accelerated refund of participation shares	4.2				4.2
Transfers to current interest-bearing liabilities	2.8	-17.0	20.5	3.3	9.6
Members' capital at 31 Dec.	237.2	993.0	251.0	71.1	1,552.3

#### Changes in members' capital 2023

EUR million	Participation shares	Metsä1 additional shares	A additional shares	B additional shares	Total
Members' capital at 1 Jan.	232.0	701.5	382.1	123.1	1,438.6
Paid-in members' capital	2.7	101.5	0.7		105.0
Entry of interest on shares	2.8	43.6			46.4
Surplus reimbursement as Metsä1 additional shares		13.4			13.4
Fund increase related to an equity bonus		6.1	0.1		6.2
Conversion from A additional shares		45.3	-45.3		0.0
Refund of share payments	-4.6	-21.2	-15.9	-48.1	-89.7
Accelerated refund of participation shares	4.7				4.7
Transfers to current interest-bearing liabilities	-10.0	-62.2	-3.6	4.2	-71.7
Members' capital at 31 Dec.	227.6	828.0	318.1	79.2	1,452.9

#### Transfers to current interest-bearing liabilities

EUR million	Participation shares	Metsä1 additional shares	A additional shares	B additional shares	Total
31.12. 2024	49.2	205.9	52.1	14.7	321.9
Change	2.8	-17.0	20.5	3.3	9.6
31.12. 2023	51.9	189.0	72.6	18.1	331.6
Change	-10.0	-62.2	-3.6	4.2	-71.7
31.12. 2022	41.9	126.7	69.0	22.2	259.9

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### Members' capital

The par value of a participation share is EUR 1.00. The subscription price of a participation share is equivalent to its par value unless otherwise decided by the Representative Council or the Board of Directors, authorised by the Representative Council. A member's obligation to acquire participation shares is determined as specified in the rules of the Cooperative based on the surface area and location of their forestland. No member is obligated to acquire more than 30,000 participation shares.

According to the by-laws of Metsäliitto, a member of Metsäliitto whose participation shares have been paid for in full is entitled to subscribe for additional shares as per the conditions defined in the by-laws and specified by Metsäliitto's Board of Directors. According to the by-laws of Metsäliitto, there are four types of additional shares: A additional shares, B additional shares, Metsä1 additional shares, and Metsä2 additional shares. The par value of an additional share is EUR 1.00 (one euro). There are a minimum of one and a maximum of 1,500 million A additional shares. There are minimum of one and a maximum of 300 million B additional shares. There is no limit on the maximum number of Metsä1 additional shares and Metsä2 additional shares.

Until 31 December 2021, the quantity of A additional shares that a member has been able to subscribe for has been equal to the net amount of the wood trade income they have received from Metsäliitto Cooperative or equal to the amount of the interest on the member's participation shares or additional shares distributed by Metsäliitto Cooperative.

Until 31 December 2021, a member has been able to subscribe for the number of B additional shares they want. However, the maximum number of paid B additional shares that a member is able to have at any one time is 1.5 million.

As of 1 January 2022, the quantity of Metsä1 additional shares that a member can subscribe for is equal to the net amount of the wood trade income they receive from Metsäliitto or equal to the amount of the interest on the member's participation shares or additional shares distributed by Metsäliitto.

Metsä1 additional shares will automatically convert to Metsä2 additional shares 10 years as of the end of the calendar year during which a Metsä1 additional share to be converted was subscribed for, or if it was transferred without consideration, received, unless their validity has been extended with a wood trade as specified in the Cooperative's rules.

Upon application, an A additional share can be converted into a Metsä1 additional share so that the applicant is given several Metsä1 additional shares equal to the number of the A additional shares subject to the conversion in exchange for the A additional shares.

Based on a decision of the Board of Directors, Metsäliitto is entitled to redeem all Metsä1 and/or Metsä2 additional shares or part of them. In the event of a possible redemption, the redemption price of an additional share is the share's par value, i.e. EUR 1.00 (one euro).

The amount paid for A additional shares, as well as for Metsä1 and Metsä2 additional shares, is returned to a member six (6) months, and the amount paid for B additional shares, eighteen (18) months, from the end of the financial period during which the membership ended or the Cooperative received the member's request in writing to reduce the

number of additional shares, nevertheless accounting for what is specified in the Cooperative's by-laws with regard to the maximum amount of returns. At its discretion, Metsäliitto's Board of Directors is entitled to delay the return of the amounts or par value paid for Metsä1 and Metsä2 additional shares during the Cooperative's operations, provided that the Board of Directors, based on an extensive review, considers the payment of the return to jeopardise the Cooperative's solvency or its retention at an adequate level.

By investing income from wood trade received from Metsäliitto in Metsä1 additional shares, a member can earn equity bonuses so that each additional share subscribed for includes one equity bonus. An equity bonus entails the right to subscribe for one new additional share for the wood trade receivable to be settled during the period of use equal to the two calendar years following the calendar year of the additional share subscription so that the subscriber of the share themselves pays at least 75% of the subscription price of the new additional share, or a portion larger than this confirmed by the Board of Directors. The remaining portion of the subscription price of the additional share is paid for the member in the form of a fund increase by Metsäliitto. According to the authorisation that the Cooperative's Representative Council approved on 22 November 2011 and amended on 28 April 2021, a maximum of EUR 100 million of the Cooperative's surplus may be transferred to the additional cooperative capital through a capital increase based on additional share subscriptions made with equity bonuses.

As of 1 January 2022, Metsäliitto has not issued new A and B additional shares, excluding A additional shares which a member has chosen to subscribe for with equity bonuses earned prior to 2022 during their period of use.

### Use of surplus and distribution of other funds

Surplus may be distributed to the members. Interest or other returns on Metsäliitto Cooperative's surplus may be distributed to the members. Funds may also be distributed to the members in other ways in accordance with Chapter 16, section 1 of the Cooperatives Act. The distribution of funds and the grounds for such distribution is decided on by the Cooperative's Representative Council. Based on a decision of the Representative Council, funds may also be distributed as additional shares of Metsäliitto Cooperative.

If surplus is returned to a member because of how the member has used Metsäliitto's services during their membership, the distribution is divided in proportion to the volume of industrial roundwood Metsäliitto has received from its members during a minimum of two (2) and a maximum of six (6) of the most recently ended financial periods.

### Interest on members' capital and reimbursement of surplus

After the balance sheet date, the Board of Directors proposed that EUR 77.4 million (85.4) be distributed as interest on members' capital, and EUR 16.0 million (15.7) as a reimbursement of surplus, determined based on the volume of industrial roundwood received in the last four full financial periods. The reimbursement of surplus will be primarily paid as Metsä1 additional shares, but in money for the part corresponding to the tax

withheld for each member. In 2024, EUR -14.7 million (-16.0) of the interest on members' capital was treated as financial expenses.

### Interest paid on members' capital and dividends

EUR million	2024	2023
Interest paid on members' capital	-85.4	-85.9
Dividends paid to non-controlling interests (Note 7.2)	-52.5	-209.9
Total	-137.9	-295.8

### Translation differences

Translation differences include the differences arising from the translation of subsidiaries' financial statements in currencies other than the euro. The gains and losses from the hedging of net investments in such subsidiaries, excluding deferred taxes, are also included in translation differences, provided that the conditions for hedge accounting are met. The Group ended its equity hedging in 2016.

EUR million	Cumulative translation differences		Translation differences in other comprehensive income	
	2024	2023	2024	2023
SEK	-79.4	-57.6	-38.3	4.2
GBP	-2.4	-6.0	3.9	1.6
PLN	0.9	-0.2	1.1	7.8
SKK	11.2	11.2		
USD	8.0	4.5	6.6	-4.8
Others	2.1	2.2	0.0	-3.1
Total	-59.6	-45.9	-26.6	5.7

Since March 2022, the rate used for the Russian ruble has been the closing rate for EUR/RUB published by Refinitiv. The Russian ruble-denominated translation differences accumulated since June 2022 as a consequence of the discontinuation of Russian business operations have been reported in financial items in the income statement. On 13 May 2024, Metsä Group

completed a business transaction by which the ownership of the Group's Russian subsidiaries was transferred to a party outside the Group.

### Fair value and other reserves

EUR million	2024	2023
Fair value reserve	41.3	105.3
Revaluation surplus	94.9	94.9
General reserve	71.5	71.5
Legal reserve and reserves stibulated by the rules	0.1	0.1
Reserve for invested unrestricted equity	502.0	501.6
Total	709.7	773.3

### Fair value reserve

The change in the value of other investments and the changes in the fair values of derivatives used in cash flow hedging less deferred tax are recognised in the fair value reserve.

### Revaluation surplus

The revaluation surplus includes the fair value of the previous holdings in Metsä Fibre which arose from the allocation of fair value of the Metsä Fibre shares acquired in 2009.

### Legal reserve and reserves stipulated by the Articles of Association / Rules

Legal reserve and reserves stipulated by the Articles of Association have been created and accumulated as a result of resolutions by the Annual General Meeting of shareholders or the Representative Council.

### Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other investments in equity and the share subscription price when it is not recognised in the share capital based on a specific decision to such effect.

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### Other comprehensive income, net of tax 2024

EUR million	Equity attributable to members of parent company					
	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Items that will not be reclassified to profit or loss						
Items relating to adjustments of defined benefit pension plans			-2.6	-2.6	-0.4	-3.1
Fair value of financial assets through other comprehensive income		-21.2	-1.0	-22.2	-17.0	-39.2
Income tax relating to items that will not be reclassified		4.4	-0.2	4.2	3.6	7.8
<b>Total</b>		<b>-16.8</b>	<b>-3.8</b>	<b>-20.6</b>	<b>-13.9</b>	<b>-34.5</b>
Items that may be reclassified to profit or loss						
Cash flow hedges						
Currency flow hedges						
Gains and losses recorded in equity		-60.8		-60.8	-47.4	-108.2
Transferred to adjust sales		10.2		10.2	4.9	15.2
Transferred to adjust purchases		-3.1		-3.1		-3.1
Interest flow hedges						
Gains and losses recorded in equity		-9.2		-9.2	-5.6	-14.8
Transferred to adjust financial items		0.0		0.0	0.0	-0.1
Commodity hedges						
Gains and losses recorded in equity		2.9		2.9	2.7	5.6
Transferred to adjust purchases		1.1		1.1	0.9	2.0
<b>Cash flow hedges total</b>		<b>-58.9</b>		<b>-58.9</b>	<b>-44.5</b>	<b>-103.4</b>
Translation differences	-13.6			-13.6	-13.0	-26.6
Income tax relating to items that may be reclassified		11.8		11.8	8.9	20.7
<b>Total</b>	<b>-13.6</b>	<b>-47.2</b>	<b>-3.8</b>	<b>-60.8</b>	<b>-48.5</b>	<b>-109.3</b>
Other comprehensive income, net of tax	-13.6	-64.0	-3.8	-81.4	-62.4	-143.8

### Other comprehensive income, net of tax 2023

EUR million	Equity attributable to members of parent company					
	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Items that will not be reclassified to profit or loss						
Items relating to adjustments of defined benefit pension plans			-4.9	-4.9	-0.5	-5.4
Fair value of financial assets through other comprehensive income		-59.5		-59.5	-43.2	-102.7
Income tax relating to items that will not be reclassified		11.9	1.2	13.2	8.8	21.9
<b>Total</b>		<b>-47.6</b>	<b>-3.7</b>	<b>-51.3</b>	<b>-34.9</b>	<b>-86.2</b>
Items that may be reclassified to profit or loss						
Cash flow hedges						
Currency flow hedges						
Gains and losses recorded in equity		-11.7		-11.7	-7.5	-19.2
Transferred to adjust sales		12.1		12.1	10.9	23.0
Transferred to adjust purchases		-0.9		-0.9		-0.9
Interest flow hedges						
Gains and losses recorded in equity		-15.7		-15.7	-9.6	-25.3
Commodity hedges						
Gains and losses recorded in equity		-7.2		-7.2	-7.1	-14.3
Transferred to adjust purchases		5.4		5.4	5.2	10.7
<b>Cash flow hedges total</b>		<b>-18.0</b>		<b>-18.0</b>	<b>-8.0</b>	<b>-26.1</b>
Translation differences	8.1			8.1	-2.4	5.7
Income tax relating to items that may be reclassified		3.6		3.6	1.6	5.2
<b>Total</b>	<b>8.1</b>	<b>-14.4</b>	<b>-3.7</b>	<b>-6.3</b>	<b>-8.9</b>	<b>-15.2</b>
Other comprehensive income, net of tax	8.1	-62.0	-3.7	-57.6	-43.8	-101.4

### 5.2 Exchange rate differences and financial income and expenses

#### Accounting principles

Interest income and costs are recognised in amortised cost with the effective interest rate method.

Dividend yield is recognised when the right to a dividend has arisen.

Borrowing costs are generally recognised as an expense in the period in which they are incurred. When an intangible item or an item of property, plant or equipment is involved in a major and long-term investment project, the borrowing costs directly due to the acquisition, construction or production of the asset are included in the asset's acquisition cost.

The Group presents net interest income and expenses related to defined benefit pension plans as financial income and expenses.

EUR million	2024	2023
Exchange differences		
Commercial items	11.8	-1.3
Hedging, hedge accounting not applied	-17.4	2.5
Other exchange differences	3.1	-2.3
<b>Exchange differences total</b>	<b>-2.5</b>	<b>-1.1</b>
Financial income		
Interest income on loans, other receivables and cash and cash equivalent	27.4	50.4
Dividend income	0.1	
<b>Financial income total</b>	<b>27.5</b>	<b>50.4</b>
Financial expenses		
Valuation of financial assets and liabilities		
Gains / losses on financial assets or liabilities at fair value through profit or loss	18.9	18.1
Impairment gains / losses from financial assets		0.0
<b>Gains and losses, total</b>	<b>18.9</b>	<b>18.1</b>
Interest expenses on financial liabilities carried at amortised cost using the effective interest method		
Other items of financial expenses	-6.5	-5.5
<b>Financial expenses total</b>	<b>-79.6</b>	<b>-58.4</b>
<b>Exchange differences and financial income and expenses total</b>	<b>-54.6</b>	<b>-9.1</b>

The Russian ruble-denominated translation differences accumulated since June 2022 as a consequence of the discontinuation of Russian business operations have been reported in other exchange rate differences in financial items. On 13 May 2024, Metsä Group completed a business transaction with which control of the Group's Russian subsidiaries was transferred to a party outside the Group. In 2024, EUR 0.2 million was reported as income from accumulated translation differences in other exchange rate differences (EUR -4.0 million expense).

### 5.3 Other non-current liabilities

EUR million	2024	2023
Loan receivables	5.0	5.4
Defined benefit pension plans (Note 3.5)	4.7	4.7
Other receivables and accrued income	8.9	7.4
<b>Total</b>	<b>18.6</b>	<b>17.5</b>

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## 5.4 Cash and cash equivalents

### Accounting principles

Cash and cash equivalents consist of cash and bank accounts, as well as liquid financial assets recognised at amortised cost with a maturity of less than 6 months from the time of acquisition. Cash and cash equivalents also include investments recognised at fair value in money market funds, commercial bills and certificates of deposit, the liquidity of which is considered very good. The impairment of cash and cash equivalents measured at amortised cost is determined using a model based on expected credit losses. The expected credit losses are reviewed for the following 12 months.

EUR million	2024	2023
Short-term fixed income funds, commercial papers and certificate of deposits	350.0	426.9
Term deposits	227.7	426.8
Cash at hand and in bank	414.0	657.8
Total	991.6	1,511.6

## 5.5 Financial liabilities and net liabilities

### Accounting principles

Interest-bearing financial liabilities are initially recognised at fair value. The Group has classified all interest-bearing financial liabilities under "Amortised cost". Transaction costs are included in the original book value of financial liabilities measured at amortised cost. Subsequently, all interest-bearing financial liabilities are measured at amortised cost using the effective interest method.

### Interest-bearing financial liabilities

EUR million	2024	2023
<b>Non-current interest-bearing financial liabilities</b>		
Bonds	249.4	249.2
Loans from financial institutions	1,159.1	1,198.1
Lease liabilities	99.5	101.0
Other liabilities	100.0	150.2
Total	1,608.0	1,698.5
<b>Current interest-bearing financial liabilities</b>		
Current portion of non-current debt	229.0	158.6
Current loans	50.5	1.0
Other liabilities	351.7	331.6
Total	631.1	491.1
Interest-bearing financial liabilities total	2,239.1	2,189.7

### Interest-bearing financial assets

EUR million	2024	2023
<b>Non-current interest-bearing financial assets</b>		
Loan receivables	5.0	5.4
Other receivables	0.1	2.6
Total	5.1	8.0
<b>Current interest-bearing financial assets</b>		
Short-term fixed income funds, commercial papers and certificates of deposits	350.0	426.9
Loan receivables	2.6	3.1
Other receivables	4.1	4.0
Term deposits	227.7	426.8
Cash at hand and in bank	414.0	657.8
Total	998.3	1,518.7
Interest-bearing financial assets total	1,003.4	1,526.7
Interest-bearing net liabilities	1,235.7	662.9

## Changes in liabilities and current interest-bearing receivables reported in the cash flow from financing activities in 2024

EUR million	1 Jan 2024	Cash flows	Non-cash changes				31 Dec 2024
			Acquired / sold businesses	Changes in exchange rates	Changes in leases	Other changes	
<b>Non-current interest-bearing financial liabilities including the current portion</b>							
Bonds	249.2					0.2	249.4
Loans from financial institutions	1,328.9	-24.5		-0.3		3.3	1,307.4
Lease liabilities	128.6	-33.4	-0.1	0.3	34.5		129.9
Other liabilities	150.4	0.3		-0.5		0.0	150.2
Total	1,857.1	-57.6	-0.1	-0.4	34.5	3.5	1,836.9
Non-current non-interest bearing liabilities	11.9	-2.2	-0.9	0.0		0.0	8.9
<b>Current interest-bearing liabilities</b>							
Current liabilities	1.0	49.6		0.0			50.5
Other liabilities	331.6	29.7		0.0		-9.6	351.7
Total	332.6	79.3		0.0		-9.6	402.2
Current interest-bearing loan receivables	-7.2	-0.3	0.8	0.0		0.0	-6.7
Total	2,194.4	19.3	-0.2	-0.5	34.5	-6.1	2,241.3

## Changes in liabilities and current interest-bearing receivables reported in the cash flow from financing activities in 2023

EUR million	1 Jan 2023	Cash flows	Non-cash changes				31 Dec 2023
			Acquired / sold businesses	Changes in exchange rates	Changes in leases	Other changes	
<b>Non-current interest-bearing financial liabilities including the current portion</b>							
Bonds	249.0					0.2	249.2
Loans from financial institutions	673.9	650.7	16.0	0.0		-11.7	1,328.9
Lease liabilities	121.5	-29.1		0.8	51.7	-16.2	128.6
Other liabilities	150.6	0.2		-0.4		0.0	150.4
Total	1,194.9	621.8	16.0	0.4	51.7	-27.7	1,857.1
Non-current non-interest bearing liabilities	4.7	7.2	0.0	0.0		0.0	11.9
<b>Current interest-bearing liabilities</b>							
Current liabilities	2.1	-1.1		0.0		0.0	1.0
Other liabilities	259.9	0.0		0.0		71.7	331.6
Total	262.0	-1.1		0.0		71.7	332.6
Current interest-bearing loan receivables	-6.1	-0.9		0.0		-0.2	-7.2
Total	1,455.6	627.0	16.0	0.4	51.7	43.7	2,194.4

### Bonds

EUR million	Interest %	2024	2023
2017–2027	2.75	249.4	249.2

In September 2017 Metsä Board issued an unsecured bond of EUR 250 million. The bond carries a fixed coupon rate of 2.75%, and the maturity date is 29 September 2027. The bond ranks senior and is unsecured.

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**5.6. Management of financial risks**

The financial risks associated with business operations are managed in accordance with the financial policy endorsed by the parent company's Board of Directors and senior management. The policy defines key procedures for the management of foreign currency, interest rate, liquidity and counterparty risks, and for the use of derivative financial instruments. Correspondingly, commodity risks are managed according to the Group's commodity risk policy. The purpose is to protect the company against major financial and commodity risks, to balance the cash flow and to allow the business units time to adjust their operations to changing conditions.

Metsä Group Treasury Oy is specialised in finance and functions as the Group's internal bank. Metsäliitto Cooperative holds 100% of the company. Financial operations are centrally handled by Metsä Group Treasury, which is in charge of managing the Group companies' financial positions according to the strategy and financial policy defined by the Group companies, and providing necessary financial services in Metsä Group.

**Foreign currency risk**

The foreign currency exposure of Metsä Group consists of the risks associated with foreign currency flows, translation risk of net investments in foreign entities and economic currency exposure. Most of the Group's expenses are incurred in the euro zone and to some extent in Sweden, but a significant part of sales income is received or priced in other currencies. Sales may therefore vary because of changes in exchange rates, while production costs remain unchanged. The foreign currency transaction exposure is consisting of foreign currency denominated sales revenue and costs. The exposure is including foreign currency denominated balance sheet exposure consisting of trade receivables and trade payables and 50% share of the annual contracted or estimated net currency cash flow.

The main currencies of the Group's foreign currency transaction exposure are the US dollar, the Swedish krona and the British pound. The US dollar accounts for 67% (2023: 69), the Swedish krona for 18% (15), and the British pound for 7% (8) of the transaction exposure. A strengthening of the dollar and the pound has a positive impact on the financial result, and weakening a negative impact. A weakening of the Swedish krona has a positive impact on the result of the Group. Other key currencies in which Metsä Group is exposed to currency risk are the Canadian dollar (CAD), the Norwegian krone (NOK) and the Danish krone (DKK). The hedging policy is to keep the balance sheet exposure and 50% of annual cash flow of contracted or estimated currency flows consistently hedged. The amount of hedging may deviate from the normal level by 40% in either direction. The Board of Directors of each Group company decides on significant degrees of hedging departing from the Treasury Policy's norm. The amount of currency-specific hedging depends on current exchange rates and market expectations, on the interest rate differences between the currencies and the significance of the exchange rate risk for the financial result of the Group. The transaction exposure is mainly hedged by forward transactions but also by the use of foreign currency loans and currency options.

At the end of the reporting period, the foreign exchange transaction exposure had been hedged for 7.4 months on average (2023 7.7), which was 123% of the hedging norm (109). During the reporting period, the degree of hedging varied between 7 and 8 months (8–9), or between 110% and 123% of the norm (105–122). The degree of hedging of the US dollar was 7.7 months (7.7), or 128% of the hedging norm (111). The

degree of hedging of the Swedish krona was 8.3 months (9.2), or 139% of the hedging norm (133), while the degree of hedging of the pound was 7.1 months (7.6), or 118% of the hedging norm (100). Hedge accounting has been applied to the hedging of foreign currency transaction exposure, and forwards and options allocated to hedge accounting have been used to hedge the portion of highly probable forecast sales of the currency transaction exposure.

The translation risk of a net investment in a foreign entity is generated from the consolidation of the equity of subsidiaries and associated companies outside the euro area into euros in the consolidated financial statements. Hedging of equity has been discontinued.

**Interest rate risk**

The interest rate risk is related to interest bearing receivables and loans on the balance sheet, working capital financing, and currency hedging. The most significant currencies in risk management are the euro, the US dollar, the Swedish krona and the British pound. The objective of the interest rate risk policy is to minimise the negative impact of interest rate changes on the Group's and group companies' result and the financial position, and to optimise financing costs within the framework of risk limits. The effect of interest rate changes on financial costs depends on the average interest fixing time of interest bearing assets and liabilities, which is measured in the Group by duration. As duration is lengthening the rise of interest rates affects more slowly the interest expenses of financial liabilities. The maturity of the loan portfolio can be influenced by adjusting between floating-rate and fixed-rate loans and by using interest rate swaps.

According to the Group's Treasury Policy, the norm for the duration is the 24-month average loan portfolio duration. However, the duration can deviate by 6–36 months from the norm, subject to the relevant authorisation, and decisions on larger deviations are made by the parent company's Board of Directors. At the end of the year, the average duration of loans was high, at 27.0 months (2023: 27.6). During the reporting period, duration varied between 26 and 37 months (28–46). Of interest-bearing financial liabilities, 42% (24) are variable rate, and the rest are fixed rate, and the average interest rate at the end of 2024 was 2.9% (2.8). At the end of 2024, an increase of one percentage point in interest rates would decrease interest rate expenses over the next 12 months by EUR 2.5 million (1.8).

The Group applies cash flow hedge accounting in all interest rate swaps by which floating-rate financing has been converted to fixed-rate financing. The gross nominal volume of interest rate swaps at the time of financial statements is EUR 514.8 million (628.1), and the maturity of interest rate swap contracts varies between 1–8 years (1–9).

**Commodity risk**

In the hedging of commodity risks the Group applies risk management policies defined separately for each selected commodity. According to the policy, the management of commodity risks with regard to financial hedges is accomplished centralized by Metsä Group Treasury based on the strategy and risk management policy approved by Board of Directors of Metsä Group companies. The commodity hedging policy is applied to the management of the price risks of natural gas and light and heavy fuel oil. Transactions related to emission allowances are also managed by Metsä Group Treasury. Hedge accounting is applied to all commodity hedging. According to the commodity hedging policy, the hedging norm is an 80%

degree of hedging of the estimated net position during the first 12-month period, and the degree of hedging can vary by 20% in either direction. Significant strategic decisions are made by the Boards of Directors of Group companies.

Metsä Group is hedging the price risk of natural gas purchases as financial hedges and by physical fixed-price contracts. Metsä Group is hedging also the gas oil, heavy fuel oil and 0.5% fuel oil price risk related to logistics costs (sea freights) based on commodity risk policy by using financial hedges. Metsä Group is not hedging its pulp price risk.

**Liquidity risk**

Liquidity risk is defined as the risk that funds and available funding become insufficient to meet business needs, or costs that are incurred in arranging the necessary financing are unreasonable high. Liquidity risk is monitored by estimating the 12–24-month liquidity need and ensuring that the total liquidity available covers the main part of this need. According to the Treasury Policy, the liquidity reserve must at all times cover 100% of the Group's liquidity need for the first 12 months and 50–100% of the need during the following 12–24 months. The objective is that at most 20% of the Group's loans, including committed credit facilities, are allowed to mature within the next 12 months, and at least 25% of the total debt must have a maturity in excess of four years. The target is to avoid keeping extra liquidity as liquid funds and instead maintain a liquidity reserve as committed credit facilities outside the balance sheet.

The cornerstone of liquidity risk management is to manage the Group's operative decisions in such a way that targets concerning indebtedness and sufficient liquidity reserve can be secured in all economic conditions. Liquidity risk is managed by diversifying the use of capital and money markets to decrease dependency on any single financing source and the optimisation of the maturity structure of loans is also emphasized in financial decisions. The Group is using short-term working capital financing related to trade receivables and trade payables.

Metsä Group's liquidity has remained good. At the end of the financial period, the available liquidity was EUR 1,641.6 million (2,311.6) This consisted of EUR 991.6 million (1,511.6) in liquid assets and investments, and EUR 650 million (800.0) in off-balance sheet committed long-term credit facility agreements. The Group also had at its disposal short-term uncommitted commercial paper programmes and credit lines amounting to EUR 330.0 million (360.0), and undrawn pension premium (TyEL) funds of EUR 435.3 million (440.4). At the end of 2024, the liquidity reserve is expected to fully cover the financing needs for 2025–2026. Of long-term loans and credit facilities, 9% (6) fall due in a 12-month period, and 31% (36) have a maturity in excess of four years. The average maturity of long-term loans is 3.2 years (3.9). The share of short-term financing of the Group's interest-bearing liabilities is 18% (15).

**Counterparty risk**

Financial instruments carry the risk that the Group may incur losses should the counterparty be unable to meet its commitments. The Group is managing this risk by entering into financial transactions only with most creditworthy counterparties and within pre-determined limits. Liquidity reserve is partially maintained in the form of committed credit facilities, although the strengthened liquidity position has increased the counterparty risk during the last years. Cash and cash equivalents and other investments have been spread across several banks, the commercial

papers of several institutions and money market funds. During the reporting period, credit risks of financial instruments did not result in any losses. Counterparty limits have been revised during the year by taking into account the needs of the company and the view on the financial position of especially the used commercial paper counterparties. Derivatives trading is regulated by the standardised ISDA contracts made with the counterparties. The impairment of financial assets measured at amortised cost is determined using a model based on expected credit losses.

The Group's trade receivables carry a counterparty risk that the Group may incur losses should the counterparty be unable to meet its commitments. Credit risk attached to trade receivables is managed on the basis of the credit risk management policies approved by operative management. Trade receivables performance is followed by the Group Credit Risk Management Team and reported monthly to operative management. Credit quality of customers is assessed at regular intervals based on the customers' financial statements, payment behaviour and credit ratings agencies. Credit limits are approved according to credit risk management policy with approval limits of varying values across the Group. Individual credit limits are reviewed at least annually. Letters of Credits, bank and parent company guarantees and Credit insurance are used to mitigate credit risk according to management decisions. Operative management reviews and sets all major credit limits which are not supported by credit insurance and/ or other security according to Credit Risk Management Policies.

Trade receivables are spread across a wide geographical area, reflecting the sales structure presented in Segment information. The largest sources of credit risk are Finland, the United States, the United Kingdom, Sweden, Italy, Hong Kong, Poland, France and Türkiye. The top ten countries represent around 72% (69) of external trade receivables. At the end of 2024, the credit risk exposure for Metsä Group's largest individual customer (an individual company or groups of companies under common ownership) was 5% (6) of total trade receivables. The ten largest customer groups (individual companies or groups of companies under common ownership) accounted for 27% (31) of all trade receivables. At the end of 2024, Metsä Group's trade receivables were covered to a very large extent by insurance or another security such as letters of credit.

The expected credit losses from trade receivables and the age distribution of trade receivables are presented in Note 4.6.

**Management of capital**

Terms capital and capital structure are used to describe investments made in the company by its owners and retained earnings (together equity) and debt capital (liabilities) as well as the relation between them. In managing its capital structure, the Group aims at maintaining an efficient capital structure that ensures the Group's operational conditions in financial and capital markets in all circumstances despite the fluctuations typical to the sector. Certain central target values, which correspond to standard requirements set by financing and capital markets, have been defined for the capital structure. The Group's capital structure is regularly assessed by the Group's Board of Directors and its Audit Committee.

The Group monitors the development of its capital structure mainly through equity ratio. The Group's long-term objective is to maintain its equity ratio at a minimum level of 40% (temporary deviation allowed).



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The key ratios describing the capital structure and the capital amounts used for calculations of the key ratio were on 31.12.2024 and 31.12.2023 the following:

EUR million	2024	2023
Equity attributable to members of parent company	4,298.2	4,282.0
Non-controlling interest	1,260.7	1,361.2
Total	5,559.0	5,643.2
Total assets	9,902.5	10,107.9
- Advance payments received	16.2	19.2
Total	9,886.3	10,088.7
Equity ratio, % <sup>1)</sup>	56.2	55.9
Interest-bearing liabilities	2,239.1	2,189.7
- Interest-bearing financial assets	1,003.4	1,526.7
Interest-bearing net liabilities	1,235.7	662.9
Equity attributable to members of parent company	4,298.2	4,282.0
Non-controlling interest	1,260.7	1,361.2
Total	5,559.0	5,643.2
Net gearing ratio, % <sup>2)</sup>	22.2	11.7

1) Equity ratio, % = Members' funds total / (Total assets - advance payments received)

2) Net gearing ratio, % = Interest bearing net liabilities / Members' funds total

The debt financing of Metsä Group is arranged so that Metsä Board and Metsä Fibre each have the loans required to cover the financial needs of the

subgroups they form. The companies' loans are independent of each other. Metsäliitto Cooperative has separately arranged financing to cover the financial needs of the parent company, the Metsä Forest and Metsä Wood business areas, and the Metsä Tissue Group.

### Financial covenants of external loans

In Metsä Group's certain financial contracts financial covenants have been set regarding financial performance and capital structure. Other covenants in the Group's loan agreements are customary terms and conditions including for example a negative pledge, restrictions on major asset disposals, limitations on subsidiary indebtedness, restrictions on changes of business and mandatory prepayment obligations upon a change of control of the Group. The terms and conditions of loan agreements and committed credit facilities of Metsä Group companies typically contain a financial covenant related to the net gearing ratio. All Group companies have complied with the covenants during the 2024 and 2023 accounting periods. If Metsäliitto Cooperative or any of its subsidiaries were unable to meet its obligations as defined by the above mentioned key ratios, and to avoid a breach of contract that could have an adverse effect on the company's financial position, it would need to renegotiate its financial arrangements, repay its loans or get its debtors to give up their claims to meet these obligations.

### Hedging of foreign exchange transaction exposure

31 Dec 2024	Annual transaction exposure								
	USD	GBP	SEK	NOK	DKK	CAD	Other long	Other short	Total
Transaction exposure, net (mill. currency units)	2,261	202	-6,587	1,261	544	45			
Transaction exposure, net (EUR million)	2,177	244	-5,75	107	73	30	41	-11	3,257
Transaction exposure hedging (EUR million)	-1,393	-144	399	-33	-30	-15			-2,014
Hedging at the end of the year (months)	7.7	7.1	8.3	3.7	4.9	6.0			7.4
Average hedging in 2024 (months)	6.9	6.3	8.4	4.4	4.9				6.8
Average rate of hedging at the end of the year	1.0893	0.8504	11.4789						

31 Dec 2023	Annual transaction exposure								
	USD	GBP	SEK	NOK	DKK	CAD	Other long	Other short	Total
Transaction exposure, net (mill. currency units)	2,289	209	-5,094	1,136	626	37			
Transaction exposure, net (EUR million)	2,072	241	-4,59	101	84	25	34	-9	3,025
Transaction exposure hedging (EUR million)	-1,336	-153	352	-49	-42	-14			-1,918
Hedging at the end of the year (months)	7.7	7.6	9.2	5.8	6.0	6.6			7.7
Average hedging in 2023 (months)	7.9	7.4	10.5	5.6	5.9	6.5			8.0
Average rate of hedging at the end of the year	1.0905	0.8732	11.6318						

### Net investments in a foreign entity

31 Dec 2024	Equity exposure				
	USD	GBP	SEK	Others	Total
Equity exposure (mill. currency units)	101	64	12,577		
Equity exposure (EUR million)	97	77	1,098	8	1,280

31 Dec 2023	Equity exposure				
	USD	GBP	SEK	Others	Total
Equity exposure (mill. currency units)	125	60	10,233		
Equity exposure (EUR million)	113	70	922	88	1,192

### Interest rate risk / duration and re-pricing structure of loans (incl. interest rate derivatives) 31 Dec 2024

Loan amount (EUR million)	Duration (months)	Average interest rate (%)	Interest rate sensitivity (EUR million)	Re-pricing structure of interest rates of loans						
				1-4/2025	5-8/2025	9-12/2025	2026	2027	2028	>2028
1,917	27.0	2.9	-2.5	402	333	70	213	409	104	388

### Interest rate risk / duration and re-pricing structure of loans (incl. interest rate derivatives) 31 Dec 2023

Loan amount (EUR million)	Duration (months)	Average interest rate (%)	Interest rate sensitivity (EUR million)	Re-pricing structure of interest rates of loans						
				1-4/2024	5-8/2024	9-12/2024	2025	2026	2027	>2027
1,958	27.6	2.8	-1.8	267	158	37	356	157	121	863

Interest rate sensitivity is an estimate of the effect of an interest rate change of 1% on net interest cost based on year-end exposure. These are also included in the re-pricing distribution of loans. Interest rate risk exposure does not include the part of Metsäliitto Cooperation subscribed capital that is recognized as short-term interest-bearing liability.

### Hedging of natural gas price risk

GWh	2024	2023
Natural Gas exposure, net	971	988
Natural Gas hedging	707	652
Hedging at the end of the year (%)	73	66
Average price of hedging at the end of the year (€/MWh)	36.32	51.09

Natural Gas price risk is hedged based on defined risk management policy by physical contracts or by financial contracts. Natural gas net position includes Metsä Board and Metsä Tissue forecasted natural gas consumption. Only Metsä Board position is hedged using financial contracts and Metsä Tissue Central Europe's consumption with physical contracts.

### Hedging of logistics oil price risk

Tons	2024	2023
Oil exposure, net	167,452	181,701
Oil hedging	36,123	39,660
Hedging at the end of the year (%)	22	22
Average price of hedging at the end of the year (€/t)	467.13	468.84

Logistic oil price risk is hedged based on defined risk management policy by financial contracts. Metsä Group logistic oil exposure includes positions with bunker clause. Metsä Board is hedging gas oil, heavy fuel oil and marine fuel oil purchases.

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### Market risk sensitivity 2024

EUR million	Impact on equity exposure and annual transaction exposure			
	Impact on financial assets and liabilities	Impact on net equity of foreign entities	Impact on annual transaction exposure (cash flow)	Impact on annual transaction exposure (cash flow) incl. hedging
<b>Interest rate risk (100 bp rise in interest rates)</b>				
Effect on profit	-3.0		-2.5	13.1
Effect on other change in equity	18.6			
<b>Commodity risk (commodity prices + 20%)</b>				
Effect on profit			-21.6	-15.3
Effect on other change in equity	6.3			
<b>FX risk (USD - 10%)</b>				
Effect on profit	0.6		-217.7	-78.4
Effect on other change in equity	120.9	-9.7		
<b>FX risk (GBP - 10%)</b>				
Effect on profit	0.2		-24.4	-10.0
Effect on other change in equity	12.6	-3.3		
<b>FX risk (SEK - 10%)</b>				
Effect on profit	-2.2		57.5	17.5
Effect on other change in equity	-36.0	-109.8		

### Market risk sensitivity 2023

EUR million	Impact on equity exposure and annual transaction exposure			
	Impact on financial assets and liabilities	Impact on net equity of foreign entities	Impact on annual transaction exposure (cash flow)	Impact on annual transaction exposure (cash flow) incl. hedging
<b>Interest rate risk (100 bp rise in interest rates)</b>				
Effect on profit	-3.0		1.8	16.0
Effect on other change in equity	17.2			
<b>Commodity risk (commodity price + 20%)</b>				
Effect on profit			-21.0	-15.7
Effect on other change in equity	5.3			
<b>FX risk (USD - 10%)</b>				
Effect on profit	2.1		-188.1	-36.5
Effect on other change in equity	131.4	-11.3		
<b>FX risk (GBP - 10%)</b>				
Effect on profit	0.5		-23.0	-9.3
Effect on other change in equity	11.9	-7.0		
<b>FX risk (SEK - 10%)</b>				
Effect on profit	-3.1		52.4	6.3
Effect on other change in equity	-31.6	-92.2		

Items with + sign = positive effect = increase of assets / decrease of liabilities / increase of cash flow

Items with - sign = negative effect = decrease of assets / increase of liabilities / decrease of cash flow

The Group must disclose a sensitivity analysis for each type of market risk to which the entity is exposed on the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variables that were reasonably possible on that date. The Group has recognised interest rates, commodity prices and foreign exchange rates as its key market risks and has set a 1% interest rate rise, a 20% rise in commodity prices, and a 10% weakening of USD, GBP and SEK as reasonably possible risk variables. These currencies represent nearly 92% of the Group's annual transaction exposure. The nature of the market price risk is relatively linear, so the size of the effects of opposite market price changes do not differ essentially from the presented figures. The scenarios have been calculated by using regular principles for calculating the market

values of financial instruments described in the Group Accounting policies. Figures at the reporting date reflect quite well the average market risk conditions throughout the reporting period.

Additionally, the Group presents figures describing the impact of risk variables on its equity and annual transaction exposure (cash flow) to present a broader picture of the market risks of interest rates, commodity prices and foreign exchange rates. Annual cash flows are based on estimates, not on existing commercial contracts. The weakening of USD and GBP has a negative impact on annual cash flow and the weakening of SEK has a positive impact. Hedges reduce this impact depending on hedging strategy. The impact on equity arises from the consolidation of subsidiaries in the consolidated financial statements.

### Maturities of financial liabilities and related finance costs 2024

EUR million	2025	2026	2027	2028	2029	2030-	Total
Bonds and debentures			250.0				250.0
Loans from financial institutions	148.4	344.1	146.7	139.5	144.3	386.3	1,309.1
Lease liabilities	33.1	24.5	20.0	15.4	10.7	44.6	148.3
Other non-current interest-bearing liabilities	50.2	100.0					150.2
Non-current interest-bearing liabilities, total	231.7	468.7	416.7	154.8	154.9	430.9	1,857.7
Current interest-bearing liabilities	402.2						402.2
Trade payables and other loans	1,257.4						1,257.4
Financial liabilities total	1,891.3	468.7	416.7	154.8	154.9	430.9	3,517.3
Financial costs total	71.9	53.9	34.8	23.0	18.1	34.1	235.7
Financial liabilities and financial costs total	1,963.2	522.5	451.5	177.8	173.0	465.0	3,753.0
Guarantees agreements	0.1		0.4			0.7	1.2
Derivative financial instruments							
Currency derivatives, liabilities	3,424.5						3,424.5
Currency derivatives, assets	-3,364.5						-3,364.5
Interest derivatives	-10.2	-6.4	-4.7	-3.7	-2.4	-2.4	-29.9
Commodity derivatives	-3.6						-3.6
Derivatives, net	46.1	-6.4	-4.7	-3.7	-2.4	-2.4	26.5

The table describes contractual maturities of financial liabilities and related finance costs. The amounts are undiscounted.

### Maturities of financial liabilities and related finance costs 2023

EUR million	2024	2025	2026	2027	2028	2029-	Total
Bonds and debentures				250.0			250.0
Loans from financial institutions	130.8	233.0	228.3	129.9	124.1	484.4	1,330.4
Lease liabilities	31.6	24.2	17.1	14.4	12.0	47.8	147.0
Other non-current interest-bearing liabilities	0.2	50.2	100.0				150.4
Non-current interest-bearing liabilities, total	162.5	307.4	345.4	394.3	136.0	532.2	1,877.8
Current interest-bearing liabilities	332.6						332.6
Trade payables and other loans	1,380.7						1,380.7
Financial liabilities total	1,875.7	307.4	345.4	394.3	136.0	532.2	3,591.1
Financial costs total	63.5	59.9	46.2	35.0	23.8	62.2	290.6
Financial liabilities and financial costs total	1,939.2	367.3	391.6	429.3	159.8	594.4	3,881.6
Guarantees agreements	1.1	0.5	0.0		0.5	1.4	3.6
Derivative financial instruments							
Currency derivatives, liabilities	3,069.6						3,069.6
Currency derivatives, assets	-3,114.3						-3,114.3
Interest derivatives	-15.1	-9.3	-6.6	-5.4	-4.4	-5.8	-46.5
Commodity derivatives	4.0						4.0
Derivatives, net	-55.8	-9.3	-6.6	-5.4	-4.4	-5.8	-87.2

The table describes contractual maturities of financial liabilities and related finance costs. The amounts are undiscounted.

The balance sheet value of lease liabilities on December 31, 2024 was EUR 129.9 million (128.6). The balance sheet value of currency derivative liabilities on 31 December 2024 was EUR 80.1 million (18.6) and the value of currency derivative receivables was EUR 53.5 million (105.9).

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## 5.7 Fair values of financial assets and liabilities

### Classification and fair values of financial assets and liabilities 2024

EUR million	Note	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
<b>Financial assets</b>					
Other non-current investments	4.4	4.8	232.5		237.3
Other non-current financial assets	5.3			11.9	11.9
Trade receivables and other receivables	4.6	4.1		667.0	671.1
Cash and cash equivalents	5.4	477.7		514.0	991.6
Derivative financial instruments	5.7	3.2	50.3		53.5
<b>Total</b>		<b>489.7</b>	<b>282.9</b>	<b>1,192.9</b>	<b>1,965.5</b>
Fair value total		489.7	282.9	1,192.9	1,965.5
<b>Financial liabilities</b>					
Non-current interest-bearing financial liabilities	5.5			1,608.0	1,608.0
Other non-current financial liabilities	4.7			2.3	2.3
Current interest-bearing financial liabilities	5.5			631.1	631.1
Trade payables and other liabilities	4.8			1,255.1	1,255.1
Derivative financial instruments	5.7	6.6	73.6		80.1
<b>Total</b>		<b>6.6</b>	<b>73.6</b>	<b>3,496.6</b>	<b>3,576.7</b>
Fair value total		6.6	73.6	3,518.0	3,598.2

### Classification and fair values of financial assets and liabilities 2023

EUR million	Note	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
<b>Financial assets</b>					
Other non-current investments	4.4	4.3	271.1		275.3
Other non-current financial assets	5.3			11.4	11.4
Trade receivables and other receivables	4.6	4.0		703.1	707.1
Cash and cash equivalents	5.4	426.9		1,084.6	1,511.6
Derivative financial instruments	5.7	8.5	97.3		105.9
<b>Total</b>		<b>443.8</b>	<b>368.4</b>	<b>1,799.1</b>	<b>2,611.2</b>
Fair value total		443.8	368.4	1,799.1	2,611.2
<b>Financial liabilities</b>					
Non-current interest-bearing financial liabilities	5.5			1,698.5	1,698.5
Other non-current financial liabilities	4.7			2.0	2.0
Current interest-bearing financial liabilities	5.5			491.1	491.1
Trade payables and other liabilities	4.8			1,378.7	1,378.7
Derivative financial instruments	5.7	2.8	15.8		18.6
<b>Total</b>		<b>2.8</b>	<b>15.8</b>	<b>3,570.3</b>	<b>3,589.0</b>
Fair value total		2.8	15.8	3,570.6	3,589.2

Trade receivables and other receivables do not include VAT receivables, and prepayments and accrued income (Note 4.6). Trade payables and other liabilities do not include advance payments, VAT liabilities and accrued expenses (Note 4.8).

All interest-bearing financial liabilities are measured at amortised cost on the balance sheet based on the effective interest method. Fair values are based on the present value of each liability or asset calculated at the market rate. The discount rates applied are between 1.0% and 6.0% (1.0–6.0). The fair values of trade receivables and other receivables and trade payables and other liabilities do not materially deviate from their carrying amounts on the balance sheet.

## Fair value hierarchy of financial assets and liabilities

### Accounting principles

Financial assets and financial liabilities measured at fair value are classified as follows:

- Level 1 Fair value is based on quoted prices in active markets.
- Level 2 Fair value is based on valuation methods supported by market data.
- Level 3 Fair value is based on company estimates, not on market data.

## Fair value hierarchy of financial assets and liabilities 2024

2024 EUR million	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>					
Other non-current financial assets	4.4			237.3	237.3
Current financial assets through profit and loss at fair value	4.6, 5.4	350.0	127.7	4.1	481.8
Derivative financial assets	5.7	3.8	49.8		53.5
<b>Financial liabilities measured at fair value</b>					
Derivative financial liabilities	5.7	0.2	79.9		80.1
<b>Financial assets not measured at fair value</b>					
Cash and cash equivalents	5.4		514.0		514.0
<b>Financial liabilities not measured at fair value</b>					
Non-current interest-bearing financial liabilities	5.5		1,627.2		1,627.2
Current interest-bearing financial liabilities	5.5		633.4		633.4

2023 EUR million	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>					
Other non-current financial assets	4.4			275.3	275.3
Current financial assets through profit and loss at fair value	4.6, 5.4	431.0			431.0
Derivative financial assets	5.7	0.2	105.7		105.9
<b>Financial liabilities measured at fair value</b>					
Derivative financial liabilities	5.7	4.1	14.5		18.6
<b>Financial assets not measured at fair value</b>					
Cash and cash equivalents	5.4		1,084.6		1,084.6
<b>Financial liabilities not measured at fair value</b>					
Non-current interest-bearing financial liabilities	5.5		1,698.3		1,698.3
Current interest-bearing financial liabilities	5.5		491.6		491.6

## Non-current financial assets measured at fair value based on level 3 valuation

EUR million	2024	2023
Value 1 Jan	275.3	376.8
Total gains and losses in profit and loss	0.0	0.1
Total gains and losses in other comprehensive income	-38.4	-102.7
Purchases	0.5	0.6
Sales	-0.1	-0.2
Transfers to level 3	4.1	0.8
Value 31 Dec	241.4	275.3

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## Derivatives and hedge accounting

### Accounting principles

Derivative contracts are initially recognised on the balance sheet at fair value at cost, and thereafter during their term-to-maturity revalued at their fair value at each reporting date. The fair value of derivatives is presented in non-interest-bearing receivables or liabilities. Gains and losses resulting from recognition at fair value are treated in accounting as required with regard to the intended use of the derivative contract in question. Derivatives are initially classified as either 1) Hedges of the exposure to changes in the fair value of receivables, liabilities or firm commitments; 2) Hedges of the cash flow from a highly probable forecast transaction; 3) Hedges of a net investment in a foreign entity; or 4) Derivatives to which it has been decided not to apply hedge accounting.

Metsä Group currently applies hedge accounting only to cash flows. When applying hedge accounting at the inception of a hedging relationship, the Group has documented the relationship between the hedged item and the hedging instruments, as well as the hedging strategy observed. To meet the requirements of hedge accounting, the Group has also continuously carried out effectiveness testing to verify that changes in the fair value of the hedging instrument for each hedging relationship cover any changes in the fair value of the hedged item effectively enough, with respect to the hedged risk. Changes in the fair value of the effective portion of derivative instruments that meet the criteria for cash flow hedging are recognised in other items of comprehensive income. The gains and losses recognised in equity are transferred to the income statement when the forecast sale or purchase is realised, and are recognised as an adjustment to the hedged item. If the forecast transaction is no longer expected to occur, the gain or loss accrued in equity is recognised immediately in the income statement. Derivatives not subject to hedge accounting, as well as the ineffective portion of derivatives subject to hedge accounting, are measured at fair value, and changes in the value of interest rate and currency derivatives are recognised in financial items and changes in the value of commodity derivatives are recognised in other income and expenses.

Hedge accounting is applied as cash flow hedging to highly probable cash flows from sales denominated in foreign currencies and contractual cash flows with floating interest rates from loans. In the management of price risks related to commodities, hedge accounting is applied to cash flows from highly probable purchases of natural gas, light fuel oil, heavy fuel oil and 0.5% fuel oil. The fair values of forward foreign exchange contracts are based on the current value of cash flows calculated from market data on the balance sheet data, and currency options are measured at fair value in accordance with the Black–Scholes model (Level 2). Interest rate swaps are measured at the current value of cash flows, with the calculation being based on the market interest rate yield curve (Level 2). The fair values of commodity

derivatives are determined based on publicly quoted market prices (Level 1).

### Management of financial risks and effectiveness of hedging

The management of the Group's currency, interest rate and commodity risks is described in more detail in Note 5.6, Management of financial risks. Note 5.7., Fair values of financial assets and liabilities, includes the fair values and grouping of derivatives. Note 5.1, Equity, includes itemisations of hedge accounting entries in the fair value reserve.

The hedging of the currency flow position is effective, given that there is a direct financial relationship between the hedged sale and the hedging derivative. The spot rate component of a forward contract or the reference value component of a currency option has been determined as the hedged item, and the forward points or the option's time value are treated as hedging costs subject to amortisation based on the period. Currency flow forecasts are fairly stable, invoicing steady within quarters and months, and forward deals are allocated to each month, due to which the ineffectiveness of hedging usually remains very low. Changes in production or the structure of sales may sometimes lead to ineffectiveness during the validity of a hedging relationship, in which case the hedging is adjusted accordingly.

The hedge accounting of the cash flow from interest rates is primarily effective, given that there is a direct financial relationship between the long-term loans subject to hedging and the hedging interest rate swaps. Ineffectiveness in the hedge relationship derives from any possible differences between the loans and the swaps' interest rate periods as well as from differences in the reference rates of contract terms. The ineffective portion of interest rate hedging is recognised through profit and loss. Early repayments of loans may cause an inefficiency situation where the hedging interest rate swaps are reversed or taken out from hedge accounting, and the change in fair value is recognised in financial items through profit and loss.

The hedging of commodity purchases is effective, given that, in lieu of the total purchase price, the hedged item is the same, identical risk component of pricing applied in the hedging derivative. In the hedging of natural gas and fuel oil, the price components of the purchases and the hedging derivative are identical or nearly identical, so a correlation analysis is used. Commodity purchases are fairly steady, and hedges are allocated to each month, due to which the ineffectiveness of the hedging usually remains low. Changes in the use of various commodities may sometimes lead to ineffectiveness during the validity of a hedging relationship, in which case the hedging is adjusted accordingly.

## Derivatives 2024

EUR million	Nominal value	Fair value				
		Derivative assets	Derivative liabilities	Fair value total	Fair value through profit and loss	Fair value through other comprehensive income
Interest rate swaps	514.8	29.8		29.8		29.8
Interest rate derivatives total	514.8	29.8		29.8		29.8
Currency forward contracts	3,344.5	19.9	71.8	-51.9	-3.4	-48.5
Currency option contracts	993.2	0.0	8.1	-8.1		-8.1
Currency derivatives total	4,337.8	20.0	79.9	-60.0	-3.4	-56.6
Oil derivatives	16.8	0.8	0.2	0.7		0.7
Natural gas derivatives	11.1	2.9		2.9		2.9
Commodity derivatives total	28.0	3.8	0.2	3.6		3.6
Derivatives total	4,880.6	53.5	80.1	-26.6	-3.4	-23.2

## Derivatives 2023

EUR million	Nominal value	Fair value				
		Derivative assets	Derivative liabilities	Fair value total	Fair value through profit and loss	Fair value through other comprehensive income
Interest rate swaps	628.1	46.5		46.5		46.5
Interest rate derivatives total	628.1	46.5		46.5		46.5
Currency forward contracts	3,055.1	54.8	13.9	40.9	5.7	35.2
Currency option contracts	977.4	4.4	0.6	3.8		3.8
Currency derivatives total	4,032.5	59.2	14.5	44.7	5.7	39.0
Oil derivatives	18.7	0.2	0.6	-0.5		-0.5
Natural gas and propane derivatives	10.8		3.5	-3.5		-3.5
Commodity derivatives total	29.5	0.2	4.1	-4.0		-4.0
Derivatives total	4,690.1	105.9	18.6	87.2	5.7	81.5

Changes in fair values and profit and loss impacts will be presented in note 5.1 Equity.

## Financial impact of netting for instruments subject to an enforceable master netting agreements

EUR million	2024			2023		
	Financial derivatives on-balance sheet	Assets and liabilities related to master netting agreements	Net risk	Financial derivatives on-balance sheet	Assets and liabilities related to master netting agreements	Net risk
Derivative assets	53.5	38.2	15.3	105.9	19.4	86.5
Derivative liabilities	-80.1	-38.2	-41.9	-18.6	-19.4	0.8

Master netting agreements are used for derivative contracts entered into by the Group and its counterparties. In the event of unlikely credit events, all valid transactions based on the agreement will be cancelled, and only one net sum will be payable by each counterparty for all the transactions. The items are not netted on the balance sheet.

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### Cash flow hedge maturities 2024

EUR million	1–6 months	7–12 months	1–5 years	Over 5 years	Hedged cash flow total
Interest rate derivatives subject to hedge accounting	94.1	44.1	253.0	123.5	514.8
Currency derivatives subject to hedge accounting	1,602.1	658.2	.	.	2,260.4
Currency derivatives not subject to hedge accounting	309.0				309.0
Commodity derivatives subject to hedge accounting	14.0	14.0			28.0

### Cash flow hedge maturities 2023

EUR million	1–6 months	7–12 months	1–5 years	Over 5 years	Hedged cash flow total
Interest rate derivatives subject to hedge accounting	45.6	45.6	343.4	193.4	628.1
Currency derivatives subject to hedge accounting	1,380.9	527.3	.	.	1,908.2
Currency derivatives not subject to hedge accounting	228.7				228.7
Commodity derivatives subject to hedge accounting	14.7	14.7			29.5

## 6. Income taxes

### Accounting principles

Tax expenses in the income statement consist of taxes based on the taxable income for the period, taxes for previous periods, and deferred tax assets and liabilities. Taxes are recognised in the income statement unless they are related to other comprehensive income items, in which case taxes are recognised in the said items. Taxes based on the taxable income for the period are calculated based on taxable income in accordance with the tax rate and tax legislation in force in each country at that time. Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amount and the tax base in accordance with the tax rates issued as at the balance sheet date.

No deferred taxes are recognised for non-deductible goodwill, and no deferred taxes are recognised for subsidiaries' undistributed profits to the extent that the difference will not likely realise in the predictable future. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and tax liabilities based

on the taxable income for the period, and when the deferred taxes are related to the same tax recipient.

The most significant temporary differences arise from depreciation of property, plant and equipment; the measurement of other investments and derivatives contracts at fair value; defined benefit pension plans; unused tax losses; and measurement at fair value in conjunction with acquisitions of business operations.

### Key estimates and judgements

The management's judgement is required to determine the taxes based on the result for the period and the extent to which deferred tax assets are recognised. Tax audits are conducted annually in various group companies. If required, tax liabilities are recognised in connection with the audits. Their measurement often involves considerable uncertainty concerning the estimated taxes to be paid. If the associated final tax differs from the originally recorded amounts, the difference has an effect on both the taxes based on the taxable income for the period, and on deferred tax receivables and liabilities.

EUR million	2024	2023
Income taxes for the financial period	-25.9	-56.0
Income taxes from previous periods	0.0	-0.2
Deferred taxes	3.2	-48.0
Total	-22.7	-104.2

The OECD Pillar II provisions on a global minimum tax rate on the income of international corporations have applied to Metsä Group since 1 January 2024. According to the provisions, if in any of a group's operating countries, the aggregate effective tax rate, calculated in accordance with the provisions concerning minimum taxation, remains below 15%, a top-up tax is imposed to raise the effective tax rate in the country in question to 15%. Metsä Group has not recognised a top-up tax based on the minimum tax provisions for any operating country in the 2024 financial statements. The Group applies the exception under IAS 12 and has not recognised or disclosed information about the deferred tax assets or liabilities related to Pillar II income taxes.

### Income tax reconciliation

EUR million	2024	2023
Result before taxes	131.3	487.8
Computed tax at Finnish statutory rate	-26.3	-97.6
Tax rate differences of Finnish and foreign subsidiaries'	-2.2	-4.3
Tax exempt income	5.5	2.6
Non-deductible expenses	-4.7	-3.7
Restatement of deferred taxes recognised for temporary differences and tax losses in previous years	6.4	1.6
Use of unrecognised tax losses from previous years	0.6	1.0
Unrecognised deferred tax receivables from tax losses and temporary differences	-0.2	-3.2
Share of profit from associated companies and joint ventures	-0.1	-0.2
Income taxes for previous periods	0.0	-0.2
Other	-1.7	-0.2
Income tax expense	-22.7	-104.2
Effective tax rate, %	17.3	21.4

The effective tax rate decreased due to the recognition in 2024 of EUR 5.6 million in deferred tax assets from the unused tax depreciation base of MI Demo Oy. MI Demo Oy transferred to the Group's full ownership in 2023.

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### Taxes included in other comprehensive income 2024

EUR million	Before tax	Tax effect	After tax
Items that will not be reclassified to profit and loss			
Items relating to adjustments of defined benefit pension plans	-3.1	0.1	-3.0
Fair value of financial assets through other comprehensive income	-39.2	7.7	-31.5
<b>Total</b>	<b>-42.2</b>	<b>7.8</b>	<b>-34.5</b>
Items that may be reclassified subsequently to profit and loss			
Cash flow hedges	-103.4	20.7	-82.7
Translation differences	-26.6		-26.6
<b>Total</b>	<b>-130.0</b>	<b>20.7</b>	<b>-109.3</b>

### Deferred tax assets and liabilities 2024

EUR million	1 Jan 2024	Charged to income statement	Charged to other comprehensive income	Translation differences and others	31 Dec 2024
<b>Deferred tax assets</b>					
Leases	26.1	-3.1		0.0	22.9
Pension obligations and provisions	9.9	-1.2	0.5	0.6	9.9
Intercompany margins	14.5	-1.8		0.1	12.8
Unused tax loss carry-forwards	180.1	62.3		-0.9	241.5
Financial instruments	0.7	5.6	1.4	0.0	7.8
Other temporary differences	9.7	5.0	0.8	-0.3	15.2
<b>Total</b>	<b>241.0</b>	<b>66.9</b>	<b>2.7</b>	<b>-0.4</b>	<b>310.2</b>
Netting against liabilities	-208.7	-64.8	-1.2	-0.7	-275.4
Deferred tax assets in balance sheet	32.3	2.1	1.5	-1.1	34.7
<b>Deferred tax liabilities</b>					
Leases	22.2	-2.1		0.0	20.1
Pension obligations	0.8	0.0	-0.4	0.4	0.8
Depreciation differences and appropriations	469.9	64.8		-2.7	532.0
Acquired net assets and biological assets recognised at fair value	41.7	-2.1			39.7
Other investments recognised at fair value	44.7		-6.9		37.8
Financial instruments	19.0	0.4	-19.2		0.2
Net investments in foreign operations		0.5		-0.5	
Other temporary differences	9.5	2.3		-2.4	9.4
<b>Total</b>	<b>608.0</b>	<b>63.7</b>	<b>-26.6</b>	<b>-5.2</b>	<b>639.9</b>
Netting against receivables	-208.7	-64.8	-1.2	-0.7	-275.4
Deferred tax liabilities in balance sheet	399.3	-1.1	-27.8	-5.9	364.5

### Taxes included in other comprehensive income 2023

EUR million	Before tax	Tax effect	After tax
Items that will not be reclassified to profit and loss			
Items relating to adjustments of defined benefit pension plans	-5.4	1.4	-4.0
Fair value of financial assets through other comprehensive income	-102.7	20.5	-82.2
<b>Total</b>	<b>-108.1</b>	<b>21.9</b>	<b>-86.2</b>
Items that may be reclassified subsequently to profit and loss			
Cash flow hedges	-26.1	5.2	-20.9
Translation differences	5.7		5.7
<b>Total</b>	<b>-20.4</b>	<b>5.2</b>	<b>-15.2</b>

### Deferred tax assets and liabilities 2023

EUR million	1 Jan 2023	Charged to income statement	Charged to other comprehensive income	Translation differences and others	31 Dec 2023
<b>Deferred tax assets</b>					
Leases	20.8	5.2		0.0	26.1
Pension obligations and provisions	10.0	-1.2	0.9	0.2	9.9
Intercompany margins	23.1	-8.4		-0.2	14.5
Unused tax loss carry-forwards	28.2	150.9		1.0	180.1
Financial instruments	0.9	0.0	-0.1		0.7
Other temporary differences	7.0	-0.2	2.6	0.3	9.7
<b>Total</b>	<b>89.9</b>	<b>146.4</b>	<b>3.5</b>	<b>1.3</b>	<b>241.0</b>
Netting against liabilities	-42.9	-164.2	0.0	-1.6	-208.7
Deferred tax assets in balance sheet	47.0	-17.8	3.4	-0.4	32.3
<b>Deferred tax liabilities</b>					
Leases	14.6	7.6		0.1	22.2
Pension obligations	0.8	0.1	-0.4	0.2	0.8
Depreciation differences and appropriations	274.3	191.6		4.1	469.9
Acquired net assets and biological assets recognised at fair value	42.4	-2.8		2.1	41.7
Other investments recognised at fair value	66.0	-3.4	-17.9		44.7
Financial instruments	24.1	-0.2	-5.3	0.5	19.0
Net investments in foreign operations		0.3		-0.3	
Other temporary differences	11.6	1.1	0.0	-3.1	9.5
<b>Total</b>	<b>433.8</b>	<b>194.3</b>	<b>-23.6</b>	<b>3.5</b>	<b>608.0</b>
Netting against receivables	-42.9	-164.2	0.0	-1.6	-208.7
Deferred tax liabilities in balance sheet	390.9	30.1	-23.6	1.8	399.3

On 31 December 2024, Metsä Group had EUR 1,177.5 million (860.6) of net tax losses, EUR 241.8 million (180.1) of which was recorded as deferred tax receivables. Of these tax losses, EUR 1,022.6 million was incurred in Finland (654.9), mainly as a result of Metsä Fibre's accelerated depreciation related to the Kemi bioproduct mill. Of the tax losses, EUR 154.9 million was incurred in Sweden, Germany and the UK (204.9). Of the tax losses, EUR 154.9 million (204.9) will not expire, EUR 0.0 million (0.7) will expire within five years, and the remaining EUR 1,022.6 million (655.0) will expire later. The management expects the companies to generate taxable income in the future from which the losses can be deducted.

Tax losses whose use involves uncertainty, and which have therefore not been recognised as deferred tax receivables, totalled EUR 123.3 million (163.5) on 31 December 2024. Tax losses on 31 December 2024 were incurred mainly in Germany. Following the sale of subsidiaries in Russia on 13 May 2024, available tax losses decreased by EUR 38.2 million. Of the tax losses, EUR 122.9 million (125.4) will not expire, EUR 0.3 million (0.0) will expire within five years, and the remaining EUR 0.0 million (38.2) will expire later. Unrecognised deferred tax assets from losses totalled EUR 38.6 million (46.7).

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# 7. Group structure

## 7.1 Subsidiaries and joint operations

### Accounting principles

#### Subsidiaries

In addition to the parent company Metsäliitto Cooperative, the consolidated financial statements include all companies controlled by the Group. Metsä Group has control in a company when it, through its association with the company, is exposed to the company's changing income or has a right to its changing income and can influence this income by exercising the power it has in the company. Intra-Group shareholding is eliminated using the acquisition method. Intra-Group business transactions, receivables, liabilities and unrealised gains, as well as internal distribution of profits, are eliminated on consolidation. Unrealised gains arising from impairment are not eliminated. When necessary, the accounting principles applied by subsidiaries have been adjusted to comply with the Group's principles.

The parent company's owners' and non-controlling interests' shares of the result for the period are presented in the income statement, and their shares of comprehensive income are presented in the comprehensive income statement. The non-controlling interests' share of members' funds is presented as a separate item under equity on the balance sheet.

#### Joint operations

A joint operation is a joint arrangement in which parties who have joint control in the arrangement have rights concerning the assets related to the arrangement and obligations concerning liabilities. The Group consolidates the proportion corresponding to its ownership of the assets, liabilities, income and expenses of the joint operation in its financial statements.

METSÄLIITTO COOPERATIVE	Country	Holding, %
<b>Subsidiaries</b>		
Kumpuniemen Voima Oy	Finland	53.97
Metsa Forest Latvia SIA	Latvia	100.00
Metsa Group Asia Co. Ltd	China	100.00
Metsä Board Oyj <sup>1)</sup>	Finland	51.96
Metsä Fibre Oy	Finland	63.04
Metsä Forest Sverige AB	Sweden	100.00
Metsä Group Services Sp. z.o.o.	Poland	100.00
Metsä Group Treasury Oy	Finland	100.00
Metsä Spring Oy	Finland	100.00
Metsä Tissue Oyj	Finland	100.00
Metsä Wood Deutschland GmbH	Germany	100.00
Metsä Wood Eesti AS	Estonia	100.00
Metsä Wood Holland B.V.	Netherlands	100.00
Metsä Wood International Oy	Finland	100.00
Metsä Wood Schweiz AG	Switzerland	100.00
Metsä Wood UK Ltd	Great Britain	100.00
Metsä Wood USA Inc.	USA	100.00
MI Demo Oy	Finland	100.00
<b>Joint operations</b>		
Lohjan Biolämpö Oy <sup>2)</sup>	Finland	51.00

1) Holding 68.90 % by number of votes.

2) The primary goal for the arrangement is to produce energy to the parties and the liabilities of the arrangement are actually paid from the cash flow arising from the produced energy bought.

METSÄ FIBRE GROUP	Country	Holding, %
<b>Subsidiaries</b>		
Metsä Fibre GmbH	Germany	100.00
Metsä Fibre International Oy	Finland	100.00
Metsä Fibre S.r.l.	Italy	100.00
Metsä Fibre Sähköverkko Oy	Finland	100.00
Oy Silva Shipping Ab	Finland	100.00
Ääneverkko Oy	Finland	100.00
<b>METSÄ BOARD GROUP</b>		
<b>Subsidiaries</b>		
Husum Pulp AB	Sweden	70.00
Metsa Board (Middle East & Africa) Ltd	Cyprus	100.00
Metsa Board Americas Corporation	USA	100.00
Metsa Board Australia and New Zealand Pty Ltd	Australia	100.00
Metsa Board Ibérica S.A.	Spain	100.00
Metsa Board Italia S.r.l.	Italy	100.00
Metsa Board Singapore Pte Ltd	Singapore	100.00
Metsa Board UK Ltd	Great Britain	100.00
Metsä Board Benelux n.v./s.a	Belgium	100.00
Metsä Board Deutschland GmbH	Germany	100.00
Metsä Board France S.A.S.	France	100.00
Metsä Board International Oy	Finland	100.00
Metsä Board Polska Sp. Z o.o.	Poland	100.00
Metsä Board Sverige AB	Sweden	100.00
Metsä Board Turkey LLC	Turkey	100.00

METSÄ TISSUE GROUP	Country	Holding, %
<b>Subsidiaries</b>		
Metsa Tissue Czech s.r.o.	Czech Republic	100.00
Metsa Tissue Krapkowice Sp. z.o.o.	Poland	100.00
Metsa Tissue Poland Sp. z.o.o.	Poland	100.00
Metsa Tissue Slovakia s.r.o.	Slovakia	100.00
Metsa Tissue Ukraine LCC	Ukraine	100.00
Metsä Greaseproof Papers GmbH	Germany	100.00
Metsä Greaseproof Papers Oy	Finland	100.00
Metsä Tissue A/S	Denmark	100.00
Metsä Tissue AB	Sweden	100.00
Metsä Tissue AS	Norway	100.00
Metsä Tissue GmbH	Germany	100.00
Metsä Tissue Hungary Kft.	Hungary	100.00
Metsä Tissue Immobilienverwaltungs GmbH	Germany	100.00
Metsä Tissue Ltd	Great Britain	100.00
<b>Joint operations</b>		
Katrinefors Kraftvärme AB <sup>2)</sup>	Sweden	50.00

1) Holding 68.90 % by number of votes.

2) The primary goal for the arrangement is to produce energy to the parties and the liabilities of the arrangement are actually paid from the cash flow arising from the produced energy bought.

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## 7.2 Non-controlling interest's shares

### Accounting principles

Changes in the parent company's holdings in subsidiaries that do not cause the parent company to lose its control over the subsidiary are processed as business transactions concerning equity.

### Principal non-controlling interest's shares

EUR million	Country	Holding, %		Share of result		Share of equity	
		2024	2023	2024	2023	2024	2023
Metsä Fibre Group	Finland	36.96	36.95	-16.5	35.2	701.4	752.7
Metsä Board Group <sup>1)</sup>	Finland	48.04	47.97	30.5	43.7	558.7	607.8
Other subsidiaries	Finland			0.0	0.0	0.7	0.7
				14.0	79.0	1,260.7	1,361.2

1) Non-controlling interest's holding by votes 31.10% (31.08).

### Business transactions with non-controlling interest

In May–June 2023, Metsäliitto Cooperative acquired Metsä Board Corporation's series B shares to a value of EUR 50.1 million from the market, based on the Board of Directors' authorisation at an average price of EUR 7.22 per share. Following the acquisitions, the Group's holding in Metsä Board Corporation increased by 1.95 percentage points. As a result of the arrangements, the non-controlling interest decreased by EUR 45.8 million, and earnings by EUR 4.1 million.

In 2024 and 2023, there were no other significant acquisitions or sales of non-controlling interests.

Impact on parent company's equity from transactions with non-controlling interests:

EUR million	2024	2023
Acquisition of Metsä Board shares		-18.6
From other businesses	-0.5	-0.7
Net impact on equity	-0.5	-19.3

### Summary of financial information of subsidiaries with a substantial non-controlling interest

EUR million	Metsä Fibre Group		Metsä Board Group	
	2024	2023	2024	2023
Sales	2,328.3	2,498.6	1,938.6	1,941.9
Result for the period	-42.9	70.5	25.3	94.8
Non-controlling interest's share of the result	-16.5	35.2	30.5	43.7
Total comprehensive income for the period	-90.7	55.8	-56.2	26.1
Non-controlling interest's share of the total comprehensive result	-37.0	26.7	-11.5	8.3
Dividends paid to non-controlling interest	-9.8	-83.1	-42.7	-126.8
Non-current assets	3,430.9	3,637.2	2,042.4	2,080.4
Current assets	982.2	980.9	951.7	974.7
Non-current liabilities	1,310.2	1,412.4	550.6	580.7
Current liabilities	1,089.2	1,054.3	535.8	421.8
Net assets	2,013.7	2,151.5	1,907.7	2,052.6
Net cash flow from operating activities	-40.1	488.9	37.8	342.8
Net cash flow arising from investing activities	-49.6	-647.7	-129.9	-159.7
Net cash flow arising from financing activities	84.5	159.6	82.2	-187.1
Change in cash and cash equivalents	-5.1	0.8	-9.9	-4.0

The numbers are presented before Metsä Group eliminations. The subgroup's internal items are eliminated.

## 7.3 Associated companies and joint ventures

### Accounting principles

Associated companies include all companies over which the Group has considerable influence but no control. Significant influence is usually based on a shareholding conferring 20–50% of the voting rights. A joint venture is a joint arrangement in which the parties that have joint control of the arrangement have rights to its net assets.

Investments in associated companies and joint ventures are processed using the equity method, and they are initially recognised at cost. The Group's shares in associated companies and joint ventures also include the goodwill measured at the time of acquisition, less any impairment. The Group's share of the profits or losses of associated companies and joint ventures is recognised in the income statement after the operating result, which reflects the operative nature of these companies. Correspondingly, the Group's share of changes in other comprehensive income items of associated companies and joint ventures is recognised in its items of other comprehensive income. A proportion corresponding to the Group's shareholding is eliminated from unrealised profits between the Group and its associated companies and joint ventures. Unrealised gains arising from impairment are not eliminated. When necessary, the accounting principles applied by associated companies and joint ventures have been adjusted to comply with the Group's principles.

EUR million	2024	2023
<b>Investments in associate companies and joint ventures</b>		
Value 1 Jan	4.1	3.6
Share of results	-0.6	-1.2
Increases	0.5	1.6
Decreases	0.0	
Translation differences	0.0	0.1
Value 31 Dec	4.1	4.1
<b>Amounts recognised in income statement</b>		
Associate companies	-0.8	-1.3
Joint ventures	0.3	0.2
Total	-0.6	-1.2
<b>Amounts recognised in balance sheet</b>		
Associate companies	0.9	1.2
Joint ventures	3.2	2.9
Total	4.1	4.1

On 3 April 2023, Metsäliitto Cooperative acquired the remaining shares of MI Demo Oy and now owns all of MI Demo Oy. MI Demo Oy was previously treated as a joint venture in the Group's consolidated financial statements.

The Group's associated companies and joint ventures are not material in terms of the notes.

## 7.4. Acquired businesses and divested operations

### Accounting principles

Acquired business operations are consolidated from the time when control is transferred to the Group, and divested operations are consolidated until the time when control is transferred from the Group.

The consideration paid, including the contingent sales price and the identifiable assets and liabilities of the acquired business operations, are measured at fair value at the time of acquisition. Expenses related to acquisitions are recognised as costs. Depending on the acquisition, the non-controlling interests' share in the object of the acquisition is recognised at fair value or the amount that corresponds to the non-controlling interests' proportion of the net assets of the object of the acquisition.

The amount by which the sum of the consideration paid, the fair value of the non-controlling interests' share and the fair value of the assets previously owned in the object of the acquisition exceed the fair value of the identifiable net assets is recognised as goodwill.

### Acquisitions

On 24 April 2024, Metsä Group and Quant Finland and Quant Estonia concluded an agreement on the divestment of maintenance operations to Metsä Group. Quant's employees who worked at Metsä Group's plywood and Kerto LVL mill were transferred to Metsä Group through a business transfer on 1 October 2024.

On 3 April 2023, Metsäliitto Cooperative acquired the remaining shares of MI Demo Oy and now owns all of MI Demo Oy. MI Demo Oy was previously treated as a joint venture in the Group's consolidated financial statements. According to the management's estimates, the impact of MI Demo Oy on Metsä Group's sales or operating result in the period 1 January–31 December 2023 would have been minor had the acquisition been carried out on 1 January 2023.

There were no other business acquisitions in 2024 or 2023.



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### Acquired businesses total

EUR million	Note	Posted values 2024	Posted values 2023
Intangible assets	4.1		11.7
Tangible assets	4.2	0.7	6.0
Inventories			0.2
Accounts receivables and other receivables			0.1
Cash and cash equivalent			0.8
<b>Total assets</b>		<b>0.7</b>	<b>18.8</b>
Deferred tax liabilities			2.1
Borrowings		0.1	16.0
Accounts payable and other liabilities			0.7
<b>Total liabilities</b>		<b>0.1</b>	<b>18.8</b>
<b>Net assets</b>		<b>0.6</b>	<b>0.0</b>
Acquisitions cost		0.6	0.0
Expert fees paid		0.1	
<b>Total</b>		<b>0.7</b>	<b>0.0</b>
Other operating income / (expenses)		-0.1	
Acquisition price		-0.6	0.0
Expert fees paid		-0.1	
Cash and cash equivalents in subsidiaries			0.8
Net cash flow arising on acquisitions		-0.7	0.8

The book values of acquired assets and liabilities are equivalent to fair values.

### Divested operations

In 2022, Metsä Group discontinued its business operations in Russia, including the Svir sawmill, wood supply and paperboard sales. On 13 May 2024, Metsä Group completed a transaction with which the ownership of the Group's Russian subsidiaries – Metsä Svir LLC, Metsä Forest St Petersburg LLC, Metsä Forest Podporozhye LLC and Metsä Board Rus LLC – was transferred to the VLP Group. Since the completion of the transaction, the Group no longer owns anything in Russia. Income of EUR 13.8 million (an impairment reversal of EUR 5.2 million and a capital gain of EUR 8.6 million after expenses) was recognised in the result from the transaction, which had a positive cash flow effect of EUR 13.7 million.

On 31 May 2024, Metsä Group's parent company Metsäliitto Cooperative divested its wood supply business in Estonia to Combi Forest OÜ, a subsidiary of Combiwood Grupp OÜ, an Estonian company. The selling party was Metsä Forest Eesti AS, a subsidiary fully owned by Metsäliitto Cooperative. At the same time, the parties concluded long-term agreements on pulpwood and chip supplies to Metsä Group. Income of EUR 1.6 million after tax was recognised in the result from the transaction, which had a positive cash flow impact of EUR 7.0 million.

There were no other divested operations in 2024 or 2023.

### Divested operations, total

EUR million	Note	2024	2023
Intangible assets and property, plant and equipment	4.1, 4.2	5.4	
Inventories		4.2	
Accounts receivables and other receivables		9.6	
Cash and cash equivalent		5.5	
<b>Total assets</b>		<b>24.7</b>	
Deferred tax liabilities	6.	0.1	
Provisions	4.9	0.5	
Borrowings		1.0	
Accounts payable and other liabilities		0.1	
<b>Total liabilities</b>		<b>1.7</b>	
<b>Net assets</b>		<b>23.1</b>	
Expert fees paid		1.0	
<b>Total</b>		<b>24.1</b>	
Capital gain after tax		10.2	
Transaction price paid in cash		34.7	
Expert fees paid		-1.0	
Cash and cash equivalents of divested subsidiary		-5.5	
Increase of current liabilities		1.3	
Repayment of non-current liabilities		-8.8	
<b>Cash flow impact</b>		<b>20.7</b>	

## 7.5 Related party transactions

The Group's related parties include subsidiaries, joint operations, associated companies and joint ventures. In addition, the members of the Board of Directors, the members of the Group Executive Management Team and the President and CEO as well as their close family members and companies under their sole or joint control are considered related parties.

Key management's salaries, remuneration and pension expenses are presented in Note 3.2. Further details about the Group structure are presented in Notes 7.1–7.3.

### Transactions and open items with associated companies and joint ventures

EUR million	2024	2023
Sales	12.2	8.4
Purchases	-30.4	-25.1
Non-current receivables	6.3	3.6
Accounts receivables and other receivables	3.7	3.4
Accounts payable and liabilities	3.0	3.2

## 8. Other notes

### 8.1 Commitments and contingencies

#### Key estimates and judgements

#### Disputes and legal proceedings

Some Metsä Group companies are party to legal proceedings concerning disputes about the responsibilities and liabilities arising from the supply agreements of the Group's most significant investment projects. These investment projects also involve unresolved disputes that may lead to the commencement of new arbitration or legal proceedings.

#### Contingent liabilities

EUR million	2024	2023
Own liabilities for which collateral has been provided	6.7	7.9
Corporate mortgages	0.4	0.5
Chattel mortgages	0.2	0.4
Total collateral provided for own liabilities	0.7	0.9
Lessees not yet commenced to which the Group is committed	32.1	
Other commitments given on own behalf	2.6	3.6
Commitments given on the behalf of associated companies and joint ventures	0.0	0.0
<b>Total</b>	<b>35.4</b>	<b>4.5</b>

#### Commitments related to intangible assets and property, plant and equipment

EUR million	2024	2023
Payments due in following 12 months	198.8	359.5
Payments due later	38.0	124.4
<b>Total</b>	<b>236.8</b>	<b>483.8</b>

Most of the commitments regarding the acquisition of intangible assets, and property, plant and equipment are related to the construction of the Kerto LVL mill in Äänekoski and the renewal and expansion of tissue paper production at the Mariestad mill. In 2023, most of the commitments were related to the construction of the Kerto LVL mill in Äänekoski, the construction of the Kemi bioproduct mill, the development programmes of the Husum and Kemi paperboard mills, and the renewal and expansion of tissue paper production at the Mariestad mill.

### 8.2 Events after the financial period

On 16 January, Metsä Group announced its plan to close the Tako paperboard mill in Tampere, Finland, and improve the efficiency of the Kyro paperboard mill in Kyröskoski, Finland, due to long-term poor profitability. The company initiated change negotiations at both mills and in related operations. Any decisions on personnel reductions and mill closures will be taken after the change negotiations have ended.

On 8 January, Metsä Group announced the initiation of an investment and capacity adjustment plan at its tissue paper mill in Kreuzau, Germany. Several efficiency measures, investments in the renewal of production equipment and the closure of one tissue paper machine are planned for the mill. Change negotiations started at the mill in January.

At its meeting on 6 February 2025, the Board of Directors of Metsäliitto Cooperative has appointed Jussi Vanhanen Metsäliitto as CEO of the Cooperative as of 1.7.2025. At the same time, he serves as the President and CEO of Metsä Group.

On 6 February 2025, Metsä Board announced that it will start a pre-engineering in cooperation with Metsä Tissue to investigate potential change of product produced on Husum BM2. The pre-engineering is expected to take 12 months and it would enable new capacity of approximately 80,000 tonnes of foodservice packaging papers and siliconized greaseproof papers. Production of the white kraftliner will continue at full capacity at least until the possible investment shutdown of BM2. The start-up of the rebuilt line would be earliest in Q4/2027.

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# Parent company income statement

EUR	Note	1.1.–31.12.2024	1.1.–31.12.2023
<b>Sales</b>	2	2,399,467,330.71	2,282,988,168.20
Change in stocks of finished and unfinished products		3,733,132.70	-2,369,138.24
Production for own use		80,848.76	69,304.48
Other operating income	3, 4	148,322,035.70	134,786,711.08
Materials and services			
Materials, consumables and goods			
Purchases during the financial period		-1,701,703,952.82	-1,500,202,479.52
Changes in inventories		95,808,011.22	23,855,587.90
External services	5	-570,296,491.51	-562,888,181.13
Employee costs	5	-166,505,121.18	-157,198,108.57
Depreciations and impairment charges	3, 6	-35,214,997.18	-18,930,465.35
Other operating expenses	3, 5	-164,284,953.18	-150,762,456.04
		-2,542,197,504.65	-2,366,126,102.71
<b>Operating result</b>		9,405,843.23	49,348,942.80
Financial income and expenses	7		
Income from group companies		69,077,457.70	273,081,252.50
Income from other financial assets		129.00	
Other interest and financial income		28,547,528.55	28,074,854.16
Exchange rate differences		405,714.48	201,360.93
Interest expenses and other financial expenses		-19,847,143.95	-10,149,289.25
		78,183,685.78	291,208,178.34
<b>Result before appropriations and taxes</b>		87,589,529.01	340,557,121.14
Appropriations			
Change in depreciation differences	6	11,904,193.72	-574,383.21
Group contribution		-14,420,000.00	-359,365.00
		-2,515,806.28	-933,748.21
<b>INCOME TAXES</b>	8	-2,916,476.28	-11,948,305.31
<b>Result for the financial period</b>		82,157,246.45	327,675,067.62

# Parent company balance sheet

EUR	Note	31.12.2024	31.12.2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>	9		
Intangible assets		15,389,290.50	19,238,267.19
Other intangible assets		7,029,447.29	6,525,425.02
Advance payment and construction in progress		90,386,081.00	86,067,332.48
		112,804,818.79	111,831,024.69
<b>Tangible assets</b>	9		
Land and water areas		8,445,766.82	7,594,359.39
Buildings and constructions		46,277,879.92	49,651,428.24
Machinery and equipment		100,188,584.86	112,812,466.01
Other tangible assets		4,224,614.32	4,870,878.33
Advance payment and construction in progress		148,462,281.48	39,054,362.60
		307,599,127.40	213,983,494.57
<b>Investments</b>	10, 11, 20		
Shares in group companies		2,176,661,054.38	2,194,347,845.70
Receivables from group companies			15,259,336.90
Shares in associated companies		941,409.81	941,409.81
Receivables from associated companies		16,246,102.84	20,029,692.09
		2,193,848,567.03	2,230,578,284.50
<b>Total non-current assets</b>		<b>2,614,252,513.22</b>	<b>2,556,392,803.76</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Materials and consumables		259,515,826.37	163,707,815.15
Semifinished products		2,628,434.42	1,890,861.45
Finished products		11,084,714.84	8,089,155.11
Advance payments		43,341,661.79	27,879,883.14
		316,570,637.42	201,567,714.85
<b>Non-current receivables</b>	12		
Receivables from group companies		33,125,169.65	33,914,932.12
Deferred tax	15	4,751,289.61	2,565,906.80
Prepayments and accrued income		1,724,984.96	1,138,886.55
		39,601,444.22	37,619,725.47
<b>Current receivables</b>	12		
Accounts receivables		69,247,012.43	64,974,715.76
Receivables from group companies		821,837,588.00	916,413,907.42
Receivables from associated companies		1,447,909.14	1,090,204.88
Other receivable		5,360,411.28	6,783,191.84
Prepayments and accrued income		12,641,849.06	8,731,767.01
		910,534,769.91	997,993,786.91
<b>Total receivables</b>		<b>950,136,214.13</b>	<b>1,035,613,512.38</b>
<b>Cash and cash equivalents</b>		<b>5,645,675.21</b>	<b>10,031,899.01</b>
<b>Total current assets</b>		<b>1,272,352,526.76</b>	<b>1,247,213,126.24</b>
<b>Total assets</b>		<b>3,886,605,039.98</b>	<b>3,803,605,930.00</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Members' funds</b>			
Members' capital	13		
Participation shares		286,397,613.87	279,565,203.10
Additional shares Metsä1		1,198,895,133.20	1,016,906,462.00
Additional shares A		303,109,346.95	390,703,328.00
Additional shares B		85,810,796.30	97,249,129.00
Transfer of refundable members' capital to liabilities for the waiting period		-94,874,987.29	-90,215,788.02
Other reserves			
Reserve for invested unrestricted equity		501,163,036.33	500,740,195.33
General reserve I		3,939,904.28	3,939,904.28
General reserve II		67,401,740.00	67,401,740.00
Value adjustment reserve		-14,822,646.08	-10,046,370.86
Retained earnings		883,687,031.52	667,027,906.39
Result for the financial period		<b>82,157,246.45</b>	<b>327,675,067.62</b>
		<b>3,302,864,215.52</b>	<b>3,250,946,776.84</b>
<b>Appropriations</b>	6		
Accumulated depreciation difference		<b>58,968,464.81</b>	<b>70,872,658.53</b>
<b>Provisions</b>	14	<b>5,228,154.02</b>	<b>271,570.40</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Advance payments		530,273.00	597,255.00
Accounts payable		2,303,286.18	1,708,105.07
Other liabilities		16,902,126.66	20,322,940.80
		19,735,685.84	22,628,300.87
<b>Current liabilities</b>			
Loans from financial institutions		0.02	376.86
Advance payments		2,602,379.23	3,119,586.73
Accounts payable		198,302,863.59	195,308,631.81
Liabilities to group companies		29,108,316.32	19,001,455.82
Liabilities to participating companies		4,396.21	33,250.53
Other liabilities		103,457,770.22	84,061,575.04
Accruals and deferred income		166,332,794.20	157,361,746.56
		499,808,519.79	458,886,623.35
<b>Total liabilities</b>		<b>519,544,205.63</b>	<b>481,514,924.22</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,886,605,039.98</b>	<b>3,803,605,930.00</b>

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# Parent company cash flow statement

EUR	31.12.2024	31.12.2023
<b>Cash flow from operating activities</b>		
Operating result	9,405,843.23	49,348,942.80
Adjustments to result <sup>a)</sup>	35,177,184.53	16,582,228.27
Interest received	28,547,528.55	28,074,854.16
Interest paid	-18,651,617.50	-9,677,956.87
Dividends received	69,077,586.70	273,081,252.50
Other financial items, net	-1,043,148.12	-705,037.43
Income taxes paid	-7,698,879.13	-16,975,125.68
Change in working capital <sup>b)</sup>	-183,998,763.48	-139,013,798.19
	-69,184,265.22	200,715,359.56
<b>Cash flow from investing activities</b>		
Acquisition of shares and businesses	-746,867.19	-181,322,028.93
Investments in tangible and intangible assets	-183,849,482.95	-93,492,410.48
Proceeds from disposal of shares	2,503,125.75	204,977.85
Capital distribution	17,786,791.32	
Proceeds from sale of tangible and intangible assets	58,483,196.56	13,073,048.87
Increase and decrease of non-current receivables, net	16,213,716.85	-24,735,766.41
	-89,609,519.66	-286,272,179.10
<b>Cash flow before financial activities</b>	<b>-158,793,784.88</b>	<b>-85,556,819.54</b>
<b>Cash flow from financing activities</b>		
Interest paid on members' capital	-85,376,962.57	-85,866,063.24
Decrease in non-current liabilities	-189,528.12	-15,794.01
Change in other non-current liabilities	528,199.11	2,305,360.07
Increase or decrease in interest bearing current liabilities, net	-376.90	353.26
Increase or decrease in interest bearing current receivables, net	172,886,082.37	117,555,012.30
Change in members' capital	66,560,147.19	61,608,052.87
	154,407,561.08	95,586,921.25
<b>Change in cash and cash equivalents</b>	<b>-4,386,223.80</b>	<b>10,030,101.71</b>
Cash and cash equivalents at beginning of period	10,031,899.01	1,797.30
Change in cash and cash equivalents	-4,386,223.80	10,030,101.71
<b>Cash and cash equivalents at end of period</b>	<b>5,645,675.21</b>	<b>10,031,899.01</b>
<sup>a)</sup> Adjustments to operating result		
Depreciations and impairment charges	35,214,997.18	18,930,465.35
Gains or losses on sale of fixed assets	-4,994,396.27	-1,913,300.22
Change in provisions	4,956,583.62	-434,936.86
Total	35,177,184.53	16,582,228.27
<sup>b)</sup> Change in working capital		
Inventories	-115,002,922.58	-19,626,304.22
Current receivables, non-interest bearing	-78,326,571.71	-108,149,131.08
Current liabilities, non-interest bearing	9,330,730.81	-11,238,362.89
Total	-183,998,763.48	-139,013,798.19

# Notes to the parent company financial statements

## 1. Accounting principles

Basic information about the Group

Metsäliitto Cooperative's financial statements have been prepared in accordance with Finnish Accounting Standards (FAS).

Transaction in foreign currency

Transactions in foreign currency have been recognised at the exchange rate on the day of the transaction. At the balance sheet date, receivables and liabilities denominated in foreign currency have been translated into euros at the exchange rate quoted by the European Central Bank at the balance sheet date. Net exchange gains/losses have been recognised to financial income and expenses in the income statement.

Derivative financial instruments

Metsäliitto Cooperative is using derivative financial instruments only for hedging from currency, interest and commodity risks. Financial derivatives has been valued to present value by using alternative procedure according to Finnish accounting act., chapter 5 § 2a. Governance and principles applied for financial derivatives has been introduced in Group financial statement notes of the accounts 5.6 and 5.7.

Metsäliitto Cooperative suit Finnish accounting act, chapter 5 § 2a present value options also for other owned stocks and shares. Pohjolan Voima Oyj shares owned by Metsäliitto Cooperative has been valued to present value according to IFRS19, to be booked as financing funds to value adjustment reserve and other equity term funding are valued to present value to be booked to value adjustment reserve with profit and loss impact. Principles for determining present value and sensibilities to various determination items has been introduced in Group financial statement note of the account 4.4.

Sales

Sales are calculated after deduction of indirect sales taxes, trade discounts and other items adjusting sales.

Long-term compensations

Other long-term compensations has been booked to period when right is born.

Pensions and pension funding

Statutory pension security is handled by pension insurance companies outside Metsä Group. In addition to statutory pension security, some salaried employees have supplementary pension arrangements which are either insured or are an unfunded liability of the company. Pension insurance premiums have been periodised to correspond to the accrual based wages and salaries given in the financial statements.

Leasing

Lease payments are treated as rental expenses.

Income taxes

Income tax in the income statement include the income tax of the taxable result for the period, adjustments to taxes of previous period and deferred

taxes. Deferred taxes are calculated from temporary differences due to differences in assets and liabilities bookkeeping value compared to taxable value. Deferred tax has been calculated by using tax base confirmed by Finnish tax authorities.

Property, plant and equipment and depreciation

The carrying values of property, plant and equipment are based on original acquisition costs less depreciation according to plan and impairment losses.

Depreciation according to plan is based on the estimated useful life of the asset as follows:

Buildings and constructions	20–40 years
Heavy machinery	10–40 years
Medium heavy machinery	10–20 years
Lightweight machinery and equipment	3–15 years
Other tangible assets	3–10 years

Depreciation is not recorded on the purchase cost of land and water areas.

Inventories

Inventories are measured at acquisition cost or a lower net realisable value. In measuring inventories, the FIFO principle is observed or, alternatively, the weighted average price method. The acquisition cost of finished goods and work in progress include raw materials, direct wages and salaries, depreciation and other direct cost as well as a product focused share of variable and fixed production costs at normal level of production. Net realisable value is the estimated sales price less cost of production and sales.

Provisions

Future costs and losses to which the company is committed and which are likely to be realised are included in the income statement under the appropriate expense heading and in the balance sheet under provisions for future costs whenever the precise amount and the time of occurrence are not known.

Appropriations

Finnish tax legislation offers the possibility to deduct expenses prematurely from the profit for the financial period and to transfer them to the balance sheet as provisions. The items are taken into account in tax filings only if they have been entered in the accounts. These items are presented in the appropriations in the income statement. The most substantial of these appropriations is the depreciation difference on fixed assets.

Terminology

In its financial reporting, Metsäliitto Cooperative has started to primary use the word "result" to describe the financial result. Secondary the words "profit" or "loss" can be used, if the word "result" for some reason does not fit in the context. The term "surplus" and "deficit" can also be used if there is a need to show a connection to the Cooperatives Act or to the rules of the cooperative.

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EUR	2024	2023
<b>2. Sales by region</b>		
Finland	2,086,146,706.88	1,913,197,179.59
Other EU-countries	190,811,066.39	228,087,431.87
Other European countries	52,737,295.69	59,293,070.44
Other countries	69,772,261.75	82,410,486.30
Total	2,399,467,330.71	2,282,988,168.20

## 3. Extraordinary items

Other operating income		
Gain on sales of Russian subsidiaries	1,202,175.75	0.00
	1,202,175.75	0.00
Write-Down of Inventory		
Closing of Suolahti Plywood mills	-2,000,000.00	0.00
	-2,000,000.00	0.00
Depreciation and Impairment		
Closing of Suolahti Plywood mills	-14,066,677.25	0.00
	-14,066,677.25	0.00
Personnel costs		
Closing of Suolahti Plywood mills	-2,000,000.00	0.00
	-2,000,000.00	0.00
Other operating expenses		
Expert costs related to sale of Russian subsidiaries	-346,740.65	
Closing of Suolahti Plywood mills	-3,000,000.00	
Compensation for closing waggon contract		-5,850,000.00
Value adjustment related to advance payments of Russian trade		-3,112,150.77
	-3,346,740.65	-8,962,150.77
Exceptional items in operating income	-20,211,242.15	-8,962,150.77

## 4. Other operating income

Rental income	1,415,398.79	938,768.26
Service revenue	132,261,282.08	120,861,567.64
Gains on disposal	5,135,414.21	5,025,450.99
Government grants and allowances	761,870.83	667,612.75
Others	8,748,069.79	7,293,311.44
Total	148,322,035.70	134,786,711.08

Gains on sales of assets include year 2024 gains of sales of Metsa Forest St. Petersburg shares EUR 4,837.83, gains of sales of Metsa Forest Podporozhye shares EUR 1,197,337.92.

EUR	2024	2023
<b>5. Operating expenses</b>		
External services		
Distribution costs	-292,698,425.54	-286,885,099.64
Other external services	-277,598,065.97	-276,003,081.49
Total	-570,296,491.51	-562,888,181.13
Employee costs		
Wages and salaries for working hours	-112,137,544.49	-85,661,278.20
Other long-term remuneration	-216,955.00	-19,772,834.00
Social security expenses		
Pension expenses	-26,742,430.56	-25,516,488.52
Other social security expenses	-27,408,191.13	-26,247,507.85
Total	-166,505,121.18	-157,198,108.57
Salaries and remunerations paid to management		
Chief Executive Officer and Managing Director and Deputy Managing Director	-1,461,552.45	-2,701,475.47
Board members and executive group	-796,400.00	-793,200.00
Board of governors	-278,100.00	-315,300.00
Total	-2,536,052.45	-3,809,975.47
<b>The average number of personnel</b>	2,329	2,216

In the earning period 2024–2026 the scope of other long-term reward system includes 52 employees of the parent company Metsäliitto Cooperative on 31.12.2024. From arrangement earning period 2021–2023 it is possible to earn total 679,126 synthetic shares, from arrangement earning period 2022–2024 total 705,921 synthetic shares and from arrangement earning period 2023–2025 total 590,098 synthetic shares and from arrangement earning period 2024–2026 total 572,806 synthetic shares (gross).

Additional information of other share-based payments are presented in Group's Note 3.4.

### Directors' pension commitments

President Ilkka Hämmälä age of retirement is according to Finnish Act of employer retirement. Ilkka Hämmälä is also participant in arrangement

of Metsä Group directors benefit based additional pension. Based of additional pension arrangement the level of the President pension is maximum 60 percent of the total salaries under employee pension, which is calculated according to previous 5 year period salaries before retirement. If Presidents' employment in Metsä Group is terminated before retirement, he is entitled to paid-up policy. Some Metsäliitto directors have, depending on employment start, separate benefit based additional pension insurance, where retirement age is 62 years.

Management's salaries, wages and pension commitments are presented in Group's Note 3.2.

The President and CEO, the members of the Board of Directors and their deputies and other similar institutions key persons have not been granted loans and no guarantees or other guarantees have been issued for them.

<b>Other operating expenses</b>		
Rental and other property costs	-13,923,855.68	-11,175,587.25
Purchases of services	-112,592,337.83	-100,202,141.20
Losses on disposal of non-current assets	-1,142.64	-3,112,150.77
Other expenses		
Voluntary social costs	-4,287,615.19	-4,188,625.84
Travel expenses	-10,134,649.00	-8,835,802.51
Advertising and marketing expenses	-6,788,084.47	-5,748,481.46
Others	-16,557,268.37	-17,499,667.01
Total	-164,284,953.18	-150,762,456.04
<b>Fees of principal auditor</b>		
Audit fees	-297,800.00	-339,015.00
Auditors' opinions	-221,924.00	-1,449.00
Tax services		-7,600.00
Other services	-111,298.26	-295,144.00
Total	-631,022.26	-643,208.00

The principal auditor is KPMG Oy Ab.

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EUR	2024	2023
<b>6. Depreciation and impairment charges</b>		
Planned depreciation		
Intangible rights	-3,953,609.49	-4,079,488.83
Other intangible assets	-1,340,640.88	-601,823.58
Buildings and constructions	-3,887,403.97	-2,795,496.91
Machinery and equipment	-11,640,426.72	-10,937,003.24
Other tangible assets	-326,238.87	-516,652.79
Total	-21,148,319.93	-18,930,465.35
Impairment charges		
Development expenses		
Intangible rights	-197,685.13	
Buildings and constructions	-2,653,339.14	
Machinery and equipment	-10,649,760.32	
Other tangible assets	-565,892.66	
Total	-14,066,677.25	0.00
Depreciations and impairment charges total	-35,214,997.18	-18,930,465.35
Change in depreciation difference	11,904,193.72	-574,383.21
Total depreciation	-23,310,803.46	-19,504,848.56
Depreciation difference at the beginning of the financial year	70,872,658.53	70,298,275.32
Change in depreciation difference	-11,904,193.72	574,383.21
Depreciation difference at the end of the financial year	58,968,464.81	70,872,658.53
<b>7. Financial income and expenses</b>		
Income from investments in non-current assets		
Dividend income		
From Group companies	69,077,457.70	273,081,252.50
From others	129.00	
Total	69,077,586.70	273,081,252.50
Interest income on investments in non-current assets		
From others	40,395.21	
Total	40,395.21	0.00
Total income from non-current assets	69,117,981.91	273,081,252.50
Other interest and financial income		
Interest income from Group companies	28,217,813.42	28,054,530.87
Other interest income	289,319.92	20,323.29
Total	28,507,133.34	28,074,854.16
Exchange rate differences recognised in financial income and expenses		
Exchange rate differences on sales	487,404.27	-2,840.82
Exchange rate differences on purchases	22,470.02	10,804.02
Exchange rate differences on financing	-104,159.81	193,397.73
Total	405,714.48	201,360.93
Interest and other financial expenses		
Interest expenses for the same group companies	-4,095,759.37	-1,686,633.26
Other interest expenses	-14,555,858.13	-7,991,323.61
Other financial expenses	-1,195,526.45	-471,332.38
Total interest expenses and other financial expenses	-19,847,143.95	-10,149,289.25
Financial income and expenses total	78,183,685.78	291,208,178.34

EUR	2024	2023
<b>8. Income taxes</b>		
Taxes for the financial year	-3,861,696.04	-11,864,780.91
Taxes for previous financial years	-46,096.96	3,462.97
Deferred taxes	991,316.72	-86,987.37
Total	-2,916,476.28	-11,948,305.31
<b>9. Intangible and tangible assets</b>		
<b>Intangible rights</b>		
Acquisition cost, 1 Jan.	52,165,977.56	56,681,052.30
Additions	1,269,486.94	3,684,484.71
Decrease	-54,532,687.17	-28,829,182.99
Transfers between items	53,565,518.16	20,629,623.54
Acquisition cost, 31 Dec.	52,468,295.49	52,165,977.56
Accumulated depreciation and impairment charges 1 Jan.	-32,927,710.37	-49,154,474.62
Accumulated depreciation on deductions and transfers		20,306,253.08
Depreciations for the period	-3,953,609.49	-4,079,488.83
Impairments	-197,685.13	
Accumulated depreciation and impairment charges 31 Dec.	-37,079,004.99	-32,927,710.37
Book value, 31 Dec.	15,389,290.50	19,238,267.19
<b>Other intangible assets</b>		
Acquisition cost, 1 Jan.	14,374,529.05	4,773,145.52
Additions	243,749.51	1,927,565.56
Decrease	-20,464.51	
Transfers between items	1,608,218.60	7,673,817.97
Acquisition cost, 31 Dec.	16,206,032.65	14,374,529.05
Accumulated depreciation and impairment charges 1 Jan.	-7,849,104.03	-1,804,607.01
Accumulated depreciation on deductions and transfers		5,442,673.44
Depreciations for the period	-1,340,640.88	-601,823.58
Accumulated depreciation and impairment charges 31 Dec.	-9,176,585.36	-7,849,104.03
Book value, 31 Dec.	7,029,447.29	6,525,425.02
<b>Advance payments and work in progress</b>		
Acquisition cost, 1 Jan.	86,067,332.48	71,918,252.01
Additions	59,492,485.28	36,081,170.88
Transfers between items	-55,173,736.76	-21,932,090.41
Acquisition cost, 31 Dec.	90,386,081.00	86,067,332.48
Accumulated depreciation and impairment charges 1 Jan.	-40,776,814.40	-50,959,081.63
Accumulated depreciation on deductions and transfers		14,863,579.64
Depreciations for the period	-5,294,250.37	-4,681,312.41
Impairments	-197,685.13	
Accumulated depreciation and impairment charges 31 Dec.	-46,255,590.35	-40,776,814.40
Book value, 31 Dec.	112,804,818.79	111,831,024.69
<b>Land and water areas</b>		
Acquisition cost, 1 Jan.	7,594,359.39	7,596,371.07
Additions	859,823.39	
Decrease	-8,415.96	-2,011.68
Acquisition cost, 31 Dec.	8,445,766.82	7,594,359.39
Book value, 31 Dec.	8,445,766.82	7,594,359.39

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EUR	2024	2023
<b>Buildings and constructions</b>		
Acquisition cost, 1 Jan.	98,559,349.10	89,250,116.54
Additions	2,452,745.61	8,145,964.73
Decrease	-504,748.29	-1,032,905.83
Transfers between items	718,091.82	2,196,173.66
Acquisition cost, 31 Dec.	101,225,438.24	98,559,349.10
Accumulated depreciation and impairment charges 1 Jan.	-48,907,920.86	-47,145,329.78
Accumulated depreciation on deductions and transfers	501,105.65	1,032,905.83
Depreciations for the period	-3,887,403.97	-2,795,496.91
Impairments	-2,653,339.14	
Accumulated depreciation and impairment charges 31 Dec.	-54,947,558.32	-48,907,920.86
Book value, 31 Dec.	46,277,879.92	49,651,428.24
<b>Machinery and equipment</b>		
Acquisition cost, 1 Jan.	345,674,832.19	327,542,131.31
Additions	7,447,943.37	10,763,281.67
Decrease	-2,426,365.16	-1,303,844.47
Transfers between items	2,218,362.52	8,673,263.68
Acquisition cost, 31 Dec.	352,914,772.92	345,674,832.19
Accumulated depreciation and impairment charges 1 Jan.	-232,862,366.18	-223,224,863.06
Accumulated depreciation on deductions and transfers	2,426,365.16	1,299,500.12
Depreciations for the period	-11,640,426.72	-10,937,003.24
Impairments	-10,649,760.32	
Accumulated depreciation and impairment charges 31 Dec.	-252,726,188.06	-232,862,366.18
Book value, 31 Dec.	100,188,584.86	112,812,466.01
<b>Other intangible assets</b>		
Acquisition cost, 1 Jan.	11,550,906.82	17,971,897.03
Decrease	676,260.91	-49,639.10
Transfers between items	245,867.52	-6,371,351.11
Acquisition cost, 31 Dec.	12,473,035.25	11,550,906.82
Accumulated depreciation and impairment charges 1 Jan.	-6,680,028.49	-11,655,688.24
Accumulated depreciation on deductions and transfers	-676,260.91	5,492,312.54
Depreciations for the period	-326,238.87	-516,652.79
Impairments	-565,892.66	
Accumulated depreciation and impairment charges 31 Dec.	-8,248,420.93	-6,680,028.49
Book value, 31 Dec.	4,224,614.32	4,870,878.33
<b>Advance payments and work in progress</b>		
Acquisition cost, 1 Jan.	39,054,362.60	11,969,313.70
Additions	112,590,240.74	37,954,486.24
Transfers between items	-3,182,321.86	-10,869,437.34
Acquisition cost, 31 Dec.	148,462,281.48	39,054,362.60
<b>Total tangible assets</b>		
Acquisition cost, 1 Jan.	502,433,810.10	454,329,829.65
Additions	123,350,753.11	56,863,732.64
Decrease	-2,263,268.50	-2,388,401.08
Transfers between items		-6,371,351.11
Acquisition cost, 31 Dec.	623,521,294.71	502,433,810.10
Accumulated depreciation and impairment charges 1 Jan.	-288,450,315.53	-282,025,881.08
Accumulated depreciation on deductions and transfers	2,251,209.90	7,824,718.49
Depreciations for the period	-15,854,069.56	-14,249,152.94
Impairments	-13,868,992.12	
Accumulated depreciation and impairment charges 31 Dec.	-315,922,167.31	-288,450,315.53
Book value, 31 Dec.	307,599,127.40	213,983,494.57

During years 2024 and 2023 interest expenses were not capitalised.

EUR	2024	2023
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## 10. Investments

<b>Shares in Group companies</b>		
Acquisition cost, 1 Jan.	2,194,347,845.70	2,047,305,512.77
Increases	100,000.00	150,064,732.93
Decreases	-17,786,791.32	-3,022,400.00
Acquisitions costs 31.12.	2,176,661,054.38	2,194,347,845.70
<b>Shares in participating companies</b>		
Acquisition cost, 1 Jan.	941,409.81	941,409.81
Acquisitions costs 31.12.	941,409.81	941,409.81
<b>Other shares and holdings</b>		
Acquisition cost, 1 Jan.	20,029,692.09	2,059,972.42
Increases		31,258,875.24
Decreases	-3,783,589.25	-13,289,155.57
Acquisitions costs 31.12.	16,246,102.84	20,029,692.09
<b>Total investments and holdings</b>		
Acquisition cost, 1 Jan.	2,215,318,947.60	2,050,306,895.00
Increases	100,000.00	181,323,608.17
Decreases	-21,570,380.57	-16,311,555.57
Acquisitions costs 31.12.	2,193,848,567.03	2,215,318,947.60
<b>Receivables from Group companies</b>		
Acquisition cost, 1 Jan.	15,259,336.90	14,951,717.42
Increases		307,619.48
Decreases	-15,259,336.90	
Acquisitions costs 31.12.	0.00	15,259,336.90
<b>Receivables, total</b>		
Acquisition cost, 1 Jan.	15,259,336.90	14,951,717.42
Increases		307,619.48
Decreases	-15,259,336.90	
Acquisitions costs 31.12.	0.00	15,259,336.90
<b>Investments, total</b>		
Acquisition cost, 1 Jan.	2,230,578,284.50	2,065,258,612.42
Increases	100,000.00	181,631,227.65
Decreases	-36,829,717.47	-16,311,555.57
Acquisitions costs 31.12.	2,193,848,567.03	2,230,578,284.50

## 11. Fair values of financial investment in non-current assets

<b>Stock exchange listed shares</b>		
Book value	736,081,745.03	736,081,745.03
Fair value	816,664,695.57	1,340,617,755.93
Difference	-80,582,950.54	-604,536,010.90

The fair value of the listed Metsä Board Corporation shares exceeds the book value by EUR 80.5 million at 31st December 2024.

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EUR	2024	2023
<b>12. Receivables</b>		
<b>Non-current receivables</b>		
Receivables from group companies		
Loans receivables	33,125,169.65	33,914,932.12
Total	33,125,169.65	33,914,932.12
Receivables from others		
Deferred tax receivables	4,751,289.61	2,565,906.80
Prepayments and accrued income	1,724,984.96	1,138,886.55
Total	6,476,274.57	3,704,793.35
Total non-current receivables	39,601,444.22	37,619,725.47
<b>Current receivables</b>		
Receivables from group companies		
Accounts receivable	285,594,621.28	207,230,879.66
Loans receivables	525,082,182.93	697,968,265.30
Prepayments and accrued income	11,160,783.79	11,214,762.46
Total	821,837,588.00	916,413,907.42
Receivables from participating companies		
Accounts receivable	1,447,909.14	1,090,204.88
Total	1,447,909.14	1,090,204.88
Receivables from others		
Accounts receivable	69,247,012.43	64,974,715.76
Other receivables	5,360,411.28	6,783,191.84
Prepayments and accrued income	12,641,849.06	8,731,767.01
Total	87,249,272.77	80,489,674.61
Total current receivables	910,534,769.91	997,993,786.91
<b>Accrued income from group companies, current, specification</b>		
Derivative receivables	722,098.87	1,022,909.17
Group contribution receivables	4,860,000.00	5,343,350.00
Transfer pricing		315,718.53
ICT-services	5,367,706.85	3,854,989.53
Interest receivables	210,978.07	677,795.23
Total	11,160,783.79	11,214,762.46
<b>Accrued income from others, current, specification</b>		
Tax receivables	2,541,303.96	
Accrued personnel costs	-81,660.59	-120,153.43
License receivables	9,916,266.79	8,614,238.03
Others	265,938.90	237,682.41
Total	12,641,849.06	8,731,767.01
Receivables total	950,136,214.13	1,035,613,512.38

EUR	2024	2023
<b>13. Members' funds</b>		
Members' capital		
Participation shares 1.1.	279,565,203.10	273,851,370.76
Paid-in members' capital	4,799,420.92	2,743,554.23
Subscription from interests to members' capital	2,039,443.07	2,814,173.92
Refund of members' capital	-4,167,329.60	-4,584,610.67
Accelerated refund of participation shares	4,160,876.38	4,740,714.86
Total *)	286,397,613.87	279,565,203.10
Transfer of refundable members' capital to liabilities for waiting period	-1,179,636.07	-1,135,885.78
Participation shares 31.12.	285,217,977.80	278,429,317.32
Additional shares Metsä1 1.1.	1,016,906,462.00	828,201,282.95
Paid-in additional shares	89,013,298.83	101,507,374.60
Subscription from interests to additional shares	44,172,005.00	43,571,909.00
Refund of surplus as additional shares Metsä1	13,700,842.00	13,432,172.00
Equity bonus based fund amendment	5,414,913.96	6,141,694.38
Modification from additional shares A	67,315,755.00	45,257,635.35
Refund of additional shares	-37,628,143.59	-21,205,606.28
Total	1,198,895,133.20	1,016,906,462.00
Transfer of refundable members' capital to liabilities for waiting period	-38,907,824.87	-37,294,540.16
Additional shares Metsä1 31.12.	1,159,987,308.33	979,611,921.84
Additional shares A 1.1.	390,703,328.00	451,081,265.72
Paid-in additional shares	714.62	699,853.23
Equity bonus based fund amendment	-48,011.31	56,144.49
Transfer to Metsä1 additional shares	-67,315,755.00	-45,257,635.35
Refund of additional shares	-20,230,929.36	-15,876,300.09
Total	303,109,346.95	390,703,328.00
Transfer of refundable members' capital to liabilities for waiting period	-17,371,470.33	-20,351,396.36
Additional shares A 31.12.	285,737,876.62	370,351,931.64
Additional shares B 1.1.	97,249,129.00	145,311,424.00
Refund of additional shares	-11,438,332.70	-48,062,295.00
Total	85,810,796.30	97,249,129.00
Transfer of refundable members' capital to liabilities for waiting period	-37,416,056.02	-31,433,965.72
Additional shares B 31.12.	48,394,740.28	65,815,163.28
Other reserves		
Reserve for invested unrestricted equity 1.1.	500,740,195.33	500,569,772.06
Refund of Metsä1-equity bonus	374,829.69	
Refund of A-equity bonus	48,011.31	170,423.27
Reserve for invested unrestricted equity 31.12.	501,163,036.33	500,740,195.33
General reserve I 1.1.	3,939,904.28	3,939,904.28
General reserve I 31.12.	3,939,904.28	3,939,904.28
General reserve II 1.1.	67,401,740.00	67,401,740.00
General reserve II 31.12.	67,401,740.00	67,401,740.00
Value adjustment reserve 1.1.	-10,046,370.86	475,107.51
Decrease	-4,776,275.22	-10,521,478.37
Value adjustment reserve 31.12.	-14,822,646.08	-10,046,370.86

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EUR	2024	2023
Profit/loss for previous financial year 1.1.	994,702,974.01	779,602,467.60
Interest paid	-85,376,962.57	-85,866,063.24
Refund of surplus	-15,688,359.90	-15,599,520.90
Used for A-equity bonus	-4,160,876.38	-4,740,714.86
Used for Metsä1-equity bonus	-5,789,743.64	-6,141,694.38
Used for A-equity bonus		-226,567.83
Profit/loss for previous financial year 31.12.	883,687,031.52	667,027,906.39
Profit/loss for the period	82,157,246.45	327,675,067.62
Total members' funds	3,302,864,215.52	3,250,946,776.84
*) Unpaid participation shares		
Total called-up members' shares	226,694,559.00	225,991,516.00
Participation shares paid	-230,905,818.14	-228,234,283.75
Total	-4,211,259.14	-2,242,767.75
Total amount available for redemption of capital		
Participation shares **)	286,397,613.87	279,565,203.10
Additional shares Metsä1 **)	1,198,895,133.20	1,016,906,462.00
Additional shares A **)	303,109,346.95	390,703,328.00
Additional shares B **)	85,810,796.30	97,249,129.00
Reserve for invested unrestricted equity	501,163,036.33	500,740,195.33
Retained earnings	965,844,277.97	994,702,974.01
Depreciation difference less tax liability	47,174,771.85	56,698,126.82
Total	3,388,394,976.47	3,336,565,418.26
***) Transfer of refundable members' capital to liabilities for the waiting period	94,874,987.29	90,215,788.02
In accordance with Metsäliitto Cooperative's rules under Section 16 one third of the distributable funds shown in the balance sheet confirmed for the preceding financial period can be used for refunding of participation shares and additional shares.		
Additional information of participation and additional shares has been introduced in Group financial statement note 5.1.		

## 14. Provisions

Provisions for pension		
1.1.	109,067.00	34,020.00
Increases		75,143.00
Utilised during the year	-4,913.00	-96.00
31.12.	104,154.00	109,067.00
Provisions for unemployment pension costs		
1.1.	38,503.40	141,487.26
Utilised during the year	-38,503.40	-102,983.86
31.12.	0.00	38,503.40
Provisions for business closure		
Increases	5,000,000.02	
31.12.	5,000,000.02	0.00
Other provisions		
1.1.	124,000.00	531,000.00
Utilised during the year		-407,000.00
31.12.	124,000.00	124,000.00
Total provisions		
1.1.	271,570.40	706,507.26
Increases	5,000,000.02	75,143.00
Utilised during the year	-43,416.40	-510,079.86
31.12.	5,228,154.02	271,570.40

EUR	2024	2023
<b>15. Deferred tax receivables and liabilities</b>		
Deferred tax assets		
Mandatory provisions	1,045,630.80	54,314.08
Valuation of Pohjolan Voima Oyj shares at fair value	3,401,004.81	2,644,286.96
Financial instruments	304,654.00	
Netting against liability		-132,694.24
Total	4,751,289.61	2,565,906.80
Deferred tax liabilities		
Financial instruments		132,694.24
Netting against receivable		-132,694.24
Total	0.00	0.00
Deferred tax assets (+) and liabilities (-), net	4,751,289.61	2,565,906.80

The deferred tax liability for accrued depreciation in 2024 was EUR 11.7 million (14.1).

## 16. Non-current liabilities

Other liabilities		
Advance payments	530,273.00	597,255.00
Accounts payable	2,303,286.18	1,708,105.07
Other loans		
Transfer of refundable member's capital to liabilities for the waiting period, additional shares B	16,876,026.00	20,107,312.02
Others	26,100.66	215,628.78
Total	19,735,685.84	22,628,300.87
Non-current liabilities total	19,735,685.84	22,628,300.87



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EUR	2024	2023
<b>17. Current liabilities</b>		
Liabilities from Group companies		
Accounts payable	4,381,305.33	13,014,560.22
Other liabilities	-0.03	0.03
Accruals and deferred income	24,727,011.02	5,986,895.57
Total	29,108,316.32	19,001,455.82
Liabilities from participating interests		
Accounts payable	4,396.21	33,250.53
Total	4,396.21	33,250.53
Liabilities from other		
Loans from financial institutions	0.02	376.86
Other loans	189,528.12	189,528.12
Advance payment	2,602,379.23	3,119,586.73
Accounts payable	198,302,863.59	195,308,631.81
Other liabilities		
Due members' capital transferred to liabilities during the waiting period	77,998,961.29	70,108,476.00
Others	25,269,280.81	13,763,570.92
Accruals and deferred income	166,332,794.20	157,361,746.56
Total	470,695,807.26	439,851,917.00
Total current liabilities	499,808,519.79	458,886,623.35
Current liabilities include due members' capital transferred to liabilities		
Participation shares	1,179,636.07	1,135,885.78
Additional shares Metsä1	38,907,824.87	37,294,540.16
Additional shares A	17,371,470.33	20,351,396.36
Additional shares B	20,540,030.02	11,326,653.70
Total	77,998,961.29	70,108,476.00
Accrued income from group companies, current, specification		
Derivatives	2,510,319.29	126,997.78
Others	22,216,691.73	5,859,897.79
Total	24,727,011.02	5,986,895.57
Accruals and deferred income, current, external		
Personnel expenses	40,712,071.53	50,156,403.50
Accruals of purchases	110,406,456.48	90,999,105.73
Pension insurance premiums	3,439,558.44	3,025,519.60
Other insurance premiums	323,742.44	985,103.77
Taxes		1,249,782.17
Others	11,450,965.31	10,945,831.79
Total	166,332,794.20	157,361,746.56

## 18. Financial instruments

### Derivatives 2024

EUR	Equity attributable to members of parent company	Fair value				
		Derivative assets	Derivative liabilities	Fair value net	Fair value through profit and loss	Fair value through other comprehensive income
Currency forward contracts	109,376,636.27	722,098.87	2,510,319.29	-1,788,220.42	-264,939.57	-1,523,280.85
Currency derivatives	109,376,636.27	722,098.87	2,510,319.29	-1,788,220.42	-264,939.57	-1,523,280.85
Derivatives total	109,376,636.27	722,098.87	2,510,319.29	-1,788,220.42	-264,939.57	-1,523,280.85

### Derivatives 2023

EUR	Equity attributable to members of parent company	Fair value				
		Derivative assets	Derivative liabilities	Fair value net	Fair value through profit and loss	Fair value through other comprehensive income
Currency forward contracts	60,580,965.26	1,022,909.17	126,997.78	895,911.39	232,440.17	663,471.22
Currency derivatives	60,580,965.26	1,022,909.17	126,997.78	895,911.39	232,440.17	663,471.22
Derivatives total	60,580,965.26	1,022,909.17	126,997.78	895,911.39	232,440.17	663,471.22

All derivative agreements of Metsäliitto Cooperative have been made in hedging purpose and cash flow hedge accounting has been applied in major part of the agreements financial statements of Metsäliitto Cooperative. Only the part of the currency derivatives that is related to hedging of accounts receivables and accounts payables is not directed to hedge accounting. Currency derivatives have been made to hedge Wood Products Industry's currency cash flow and they mature fully during 2025.

Description of Group finance risk control and principles applied to derivatives is added to Group financial statement notes 5.6 and 5.7.

### Fair values

EUR	Level 1	Level 2	Level 3	Total
<b>Fair value hierarchy of financial assets and liabilities 2024</b>				
Financial assets recognised at fair value				
Other shares and holdings			16,246,102.84	16,246,102.84
Derivative financial assets		722,098.87		722,098.87
Financial liabilities recognised at fair value				
Derivative financial liabilities		-2,510,319.29		-2,510,319.29

### Fair value hierarchy of financial assets and liabilities 2023

EUR	Level 1	Level 2	Level 3	Total
Financial assets recognised at fair value				
Other shares and holdings			20,029,692.09	20,029,692.09
Derivative financial assets		1,022,909.17		1,022,909.17
Financial liabilities recognised at fair value				
Derivative financial liabilities		126,997.78		126,997.78

Description of fair value financial assets and liabilities classification principles is added to Group financial statement note 5.7.

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**19. Disputes, legal proceedings and commitments**

Disputes and legal proceedings

During latest 12 months there has not been any administrative or legal proceedings or arbitrations that have or will have considerable impact on financial status of Metsäliitto Cooperative. Metsäliitto Cooperative has no information of any other future legal proceedings.

EUR	2024	2023
<b>Commitments and contingencies</b>		
For own liabilities		
Liabilities secured by chattel mortgages		
Other liabilities	215,628.78	405,156.90
Chattel mortgages	215,628.78	405,156.90
For own and for affiliated companies		
Guarantees and counter-indemnities	558,095,561.10	583,715,530.00
Leasing commitments		
Payments due in following 12 months	10,916,246.02	10,786,495.77
Payments due later than 1 year	32,449,411.30	37,719,247.00
Leases not yet commenced to which the Group is committed	32,127,960.00	
Total		
Chattel mortgages	215,628.78	405,156.90
Guarantees	558,095,561.10	583,715,530.00
Leasing commitments	43,365,657.32	48,505,742.77
Leases not yet commenced to which the Group is committed	32,127,960.00	
Total commitments	633,804,807.20	632,626,429.67
Investment commitments		
Payments due in following 12 months	84,441,241.04	104,514,616.61
Payments due later than 1 year	23,479,027.43	81,467,509.12
Total	107,920,268.47	185,982,125.73

**20. Shares and holdings on 31 December 2024**

	Country	Parent company share of ownership, %	Group share ownership, %	Number of shares	Book value, EUR
<b>Affiliated companies</b>					
Kumpuniemen Voima Oy	Finland	53.97		34	462,368.79
Metsa Forest Latvia SIA	Latvia	100.00		670	3,258,886.72
Metsä Board Oyj <sup>1)</sup>	Finland	51.90		184,269,752	736,081,745.03
Metsä Fibre Oy	Finland	50.10	63.04	38,135	769,718,680.09
Metsä Forest Sverige AB	Sweden	100.00		5,000	702,510.62
Metsa Group Asia Co. Ltd	China	100.00			1,792,420.12
Metsä Group Services Sp. z.o.o.	Poland	100.00		100	1,999,627.68
Metsä Group Treasury Oy	Finland	100.00		50,000	10,236,220.47
Metsä Spring Oy	Finland	100.00		100	40,200,000.00
Metsä Tissue Oyj	Finland	100.00		9,118,588	553,329,696.96
Metsä Wood Deutschland GmbH	Germany	100.00			11,947,611.09
Metsä Wood Eesti AS	Estonia	100.00		29,600	14,021,507.15
Metsä Wood Holland B.V.	Netherlands	100.00			142,949.02
Metsä Wood International Oy	Finland	100.00		1,000	100,000.00
Metsä Wood Schweiz AG	Switzerland	100.00		200	87,527.19
Metsä Wood UK Ltd	Great Britain	100.00		30,000,000	32,579,303.45
Metsä Wood USA Inc.	USA	100.00		1,000	0.00
					<b>2,176,661,054.38</b>

<sup>1)</sup> Parent company share of votes 68.90%.

Associated companies	Country	Parent company share of ownership, %	Group share ownership, %	Number of shares	Book value, EUR
Lohjan Biolämpö Oy	Finland	51.00		867,000	868,360.00
Metsäteho Oy	Finland	24.00		40	67,275.17
Perkaus Oy	Finland	33.33		2,500	5,774.64
					<b>941,409.81</b>

Other shares	Country	Parent company share of ownership, %	Group share ownership, %	Number of shares	Book value, EUR
Ab Sydösterbottens Ishall-Suupohjan Jäähalli Oy	Finland	9.49		50	0.00
Asunto Oy Tapiolan Jalava, osakkeet 2107-2219	Finland			113	592,857.42
Asunto Oy Tapiolan Jalava, osakkeet 2220-2259	Finland			40	357,000.00
Asunto Oy Tapiolan Jalava, osakkeet 417-528	Finland			112	562,647.36
Asunto Oy Tapiolan Jalava, varastopaikat	Finland				5,027.95
Botniagolf Oy	Finland			1	0.00
China Office of Finnish Industries Oy	Finland			1	1,000.00
CLIC Innovation Oy	Finland			119	150,000.00
E-P:n Sahojen Oy	Finland	2.22		8	0.00
Estonia Golf & Country Club	Estonia			2	23,851.54
Harjattula Golf Oy	Finland			1	8,543.96
Kainuun Puhelinosuuskunta (KPO)	Finland			3	905.69
Kemin Seudun Golf Oy	Finland			1	0.00
Kerigolf Oy	Finland			2	504.56
Kiinteistö Oy Tapiolan Jalopuupysäköinti, ap 447	Finland			1	35,502.71
Kiinteistö Oy Tapiolan Jalopuupysäköinti, ap 448	Finland			1	35,502.71
Messilä Golf Oy	Finland			2	18,796.68
Osuuskunta KPY	Finland			400	0.00
Oy Nordgolf Ab	Finland			2	12,834.10
Parikkalan Valo Oy	Finland			172	0.00
Pohjois-Hämeen Puhelin Oy	Finland			300	5,459.26
Pohjolan Voima Oyj, A shares	Finland	0.66		87,896	10,240,000.50
Pohjolan Voima Oyj, B and B2 shares	Finland	1.00		58,034	4,013,592.26
Suomen Puukauppa Oy	Finland	10.74		1,440	157,435.30
Tawastia Golf & Country Club	Finland			1	17,497.14
Tennis Tapiola Oy	Finland			35	5,413.76
The Finnish Club and Sauna Ltd	Great Britain			100	150.70
Tornion Golf Oy	Finland			1	1,579.24
Vapaa-ajan keskus Parra Oy	Finland	3.46		167	0.00
					<b>16,246,102.84</b>

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# Electricity business

## Accounting principles

According to the Electricity Market Act, a company operating in the electricity market must separate its electricity business from other business activities of the company. Income and expenses, as well as assets and liabilities, that can be directly allocated to the electricity business are recorded directly, and common items of the business activities are allocated to the electricity business on an allocation basis based on the scope of the business. Metsäliitto Cooperative's obligation to separate its electricity business began on 1 January 2024.

## Electricity business, Income statement

EUR	2024	2023
<b>Sales</b>	53,156,462.83	
Materials and services		
Materials, consumables and goods		
Purchases during the financial period	-53,776,356.44	
Materials and services, Total	-53,776,356.44	0.00
Other operating expenses		
Other operating expenses	-93,442.95	
Other operating expenses, total	-93,442.95	0.00
Operating result	-713,336.56	0.00
Other interest and financial income		
From other companies	266.49	
Result before appropriations and taxes	-713,070.07	
Result for the financial period	-713,070.07	0.00

## Electricity business, Balance sheet

EUR	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Receivables		
Current receivables		
Accounts receivables	966,093.06	
Other receivables	525,025.61	
Cash and cash equivalents	5,642,474.95	
TOTAL ASSETS	7,133,593.62	0.00
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Result for the financial period	-713,070.07	
Total shareholders' equity	-713,070.07	0.00
<b>Liabilities</b>		
Current liabilities		
Current liabilities, interest bearing		
Liabilities to group companies	4,607,350.38	
Current liabilities, non-interest bearing		
Accounts payable	459,719.16	
Liabilities to group companies	2,438,136.83	
Accruals and deferred income	341,457.32	
Total equity and liabilities	7,133,593.62	0.00

# The Board of Directors' proposal for the distribution of profit

	EUR	
All the disposal of the Representative Council		
reserve for invested unrestricted equity	501,163,036.33	
value adjustment reserve	-14,822,646.08	
retained earnings from previous years	883,687,031.52	
result for the period	82,157,246.45	
distributable funds total	1,452,184,668.22	

The Board of Directors proposes		
an interest of		
5.5% to be distributed on participation shares	12,613,910.07	
5.0% to be distributed on Metsä1 additional shares	57,729,164.83	
2.0% to be distributed on additional shares A	6,127,419.98	
1.0% to be distributed on additional shares B	883,921.37	77,354,416.25

The surplus reimbursement will be distributed in relation to amount of received industrial roundwood over the past 4 concluded financial periods

to be retained in retained earnings	1,358,797,225.67
Total	1,452,184,668.22

If the Representative Council approves the above proposal the members' funds will be

Members' funds	
Members' capital	
Participation shares	286,397,613.87
Metsä1 Additional shares	1,213,405,022.00
Additional shares A	303,109,346.95
Additional shares B	85,810,796.30
Due members' capital transferred to liabilities for the waiting period	-94,874,987.29
Other reserves	
Reserve for invested unrestricted equity	501,163,036.33
General reserve I	3,939,904.28
General reserve II	67,401,740.00
Value adjustment reserve	-14,822,646.08
Retained earnings	872,456,835.41
Total members' funds	3,223,986,661.77

No material changes have been taken place in respect of the cooperative's financial position after the balance sheet date. The liquidity of the cooperative is good and in the opinion of the Board of Directors, the proposed profit distribution would not compromise the liquidity of the cooperative.

Espoo, 6th February 2025

Jussi Linnaranta Chair	Mikko Mäkimattila Deputy Chair	Teuvo Hatva	Taavi Heikkilä	Päivi Lindqvist
Eija Pitkänen	Ilkka Salonen	Jussi Vanhanen	Ilkka Hämälä President and CEO	

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This document is an English translation of the Finnish Assurance Report on the Sustainability statement. Only the Finnish version of the report is legally binding.

# Auditor's Report

To the members of Metsäliitto Cooperative

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Metsäliitto Cooperative (business identity code 0116300-4) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent cooperative's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent cooperative's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent cooperative and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent cooperative and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.4 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
<b>Valuation of tangible and intangible assets (Refer to notes 4.1 and 4.2 to the consolidated financial statements)</b>	
<p>Tangible and intangible assets total EUR 6.2 billion and represent 63 percent of the consolidated total assets. Thereof the carrying amount of goodwill is EUR 0.4 billion and carrying amount of construction in progress EUR 0.7 billion consisting of several significant investment projects.</p> <p>The group's business operations are capital intensive with valuation risk in tangible and intangible assets. Tangible and intangible assets are allocated to cash-generating units and tested for impairment annually or more frequently should there be an indication of impairment using discounted cash flow model. Determining the key assumptions used in the cash flow forecasts underlying the impairment tests requires management judgment.</p> <p>Due to the significant carrying values involved, valuation of tangible and intangible assets is determined as a key audit matter.</p>	<p>Our audit procedures included evaluation of the capitalization and depreciation principles applied as well as testing of the approval controls over investments.</p> <p>We also assessed the key assumptions used in the impairment tests by reference to the budgets approved by the Cooperative's Board of Directors, data external to the Group and our own views. We involved KPMG valuation specialists when assessing the mathematical accuracy of the calculations, as well as comparing the assumptions to externally available market and industry data.</p> <p>In addition, we considered the appropriateness of the disclosures regarding the tangible and intangible assets.</p>
<b>Valuation of inventories (Refer to note 4.5 to the consolidated financial statements)</b>	
<p>Inventory management, stocktaking routines and pricing of inventories are key factors in the valuation of inventories. The Group's carrying value of inventories was EUR 1.5 billion at the end of the financial year.</p> <p>The valuation of inventories involves management estimates in relation to potentially obsolete inventory, as well as to fluctuations in the market prices of finished goods.</p> <p>The valuation of inventories has a significant impact on the profit and loss account and therefore it is determined as a key audit matter.</p>	<p>We evaluated the appropriateness of the accounting policies by reference to IFRS standards, as well as the functionality of the key IT systems of inventory management.</p> <p>We tested the controls over inventory management, accuracy of inventory amounts and valuation of inventories as well as performed substantive audit procedures relating to the valuation of inventories to test the accuracy of inventory valuation. We also followed the execution of stocktaking routines in selected inventory locations during the financial year.</p>
<b>Financial contracts and hedging instruments (Refer to notes 5.5, 5.6 and 5.7 to the consolidated financial statements)</b>	
<p>The financial liabilities amount to EUR 2.2 billion, accounting for 23 percent of the consolidated balance sheet. In addition, the Group has off-balance sheet committed credit facility agreements amounting to EUR 0.7 billion.</p> <p>The Group hedges financial risks with interest rate and foreign currency derivatives and their nominal values amounted to EUR 4.9 billion at the end of the financial year.</p> <p>Due to the significance of the financial and derivative contracts and large number of transactions, the financial contracts and hedging instruments are determined as a key audit matter.</p>	<p>Our audit procedures included evaluation of the recognition and measurement principles applied to financial instruments for appropriateness in relation to IFRS requirements, as well as testing of controls over the accuracy and valuation of financial instruments.</p> <p>As part of our year-end audit procedures, we tested the appropriateness of valuations by using various analysis, selecting transactions for testing on a sample basis as well as reconciling the balance sheet values at the balance sheet date to external confirmations.</p> <p>In addition, we evaluated the adequacy of the disclosures relating to financial instruments.</p>
<b>ERP renewal process</b>	
<p>The consolidated financial statement is based on extensive number of data flows from multiple IT systems. The group has ongoing renewal process for IT systems, which will take several years to finish.</p> <p>ERP implementation and incoherent system environment causes risks relating to access and change management, consequently the ERP renewal process is determined as a key audit matter.</p>	<p>The first industrial deployment of information systems was carried out in Wood Products Industry in January 2025. We have monitored the preparation and testing phases of the deployment.</p> <p>As a part of testing the current ERP systems, our audit procedures focused on the reconciliation and approval controls as well as on evaluating the administration of access rights.</p>

We have not identified other key audit matters relating to the parent cooperative's financial statements.

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**Responsibilities of the Board of Directors and the Managing Director for the Financial Statements**

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent cooperative’s and the group’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent cooperative or the group or cease operations, or there is no realistic alternative but to do so.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent cooperative’s or the group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent cooperative’s or the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the parent cooperative or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Reporting Requirements**

Information on our audit engagement

We were first appointed as auditors by the Representative Council of Metsäliitto Cooperative on 3 May 2012, and our appointment represents a total period of uninterrupted engagement of 13 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements or our auditor’s report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor’s report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report

information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the surplus shown on the balance sheet is in compliance with the Cooperative Act. We support that the Members of the Supervisory Board and of the Board of Directors as well as the Managing Director of the parent cooperative should be discharged from liability for the financial period audited by us.

Helsinki, 6 February, 2025  
KPMG Oy Ab

KIRSI JANTUNEN  
Authorized Public Accountant, KHT

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*This document is an English translation of the Finnish Assurance Report on the Sustainability statement. Only the Finnish version of the report is legally binding.*

# Assurance Report on the Sustainability Statement

To the members of Metsäliitto Cooperative

We have performed a limited assurance engagement on the group sustainability statement of Metsäliitto Cooperative (business identity code 0116300-4) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

**Opinion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability statement does not comply, in all material respects, with

- 1) the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
- 2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Metsäliitto Cooperative has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability statement with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

**Basis for Opinion**

We performed the assurance of the group sustainability statement as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our responsibilities under this standard are further described in the Responsibilities of the Authorized Sustainability Auditor section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Matter**

We draw attention to the fact that the group sustainability statement of Metsäliitto Cooperative that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not

cover the comparative information that has been presented in the group sustainability statement. Our opinion is not modified in respect of this matter.

**Authorized group sustainability auditor's Independence and Quality Management**

We are independent of the parent cooperative and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The authorized group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorized sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director of Metsäliitto Cooperative are responsible for:

- the group sustainability statement and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability statement with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability statement that is free from material misstatement, whether due to fraud or error.

**Inherent Limitations in the Preparation of a Sustainability Statement**

Preparation of the sustainability statement requires Company to make materiality assessment to identify relevant matters to report. This includes significant management judgement and choices. It is also characteristic to the sustainability reporting that reporting of this kind of information includes estimates and assumptions as well as measurement and estimation uncertainty. Furthermore, when reporting forward looking information company has to disclose assumptions related to potential

future events and describe Company's possible future actions in relation to these events. Actual outcome may differ as forecasted events do not always occur as expected.

**Responsibilities of the Authorized Group Sustainability Auditor**

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability statement.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability statement, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent cooperative's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Description of the Procedures That Have Been Performed**

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

- Our procedures included for ex. the following:
- We interviewed Metsäliitto Cooperative's management and persons responsible for the preparation and gathering of the sustainability information.
  - We familiarized with interviews to the key processes related to collecting and consolidating the sustainability information.
  - We got acquainted with the relevant guidances and policies related to the sustainability information disclosed in the sustainability statement.

- We acquainted ourselves to the background documentation and other records prepared by the Company, as appropriate and assessed how they support the information included in the sustainability statement.
- We conducted site visits to the selected operational sites.
- In relation to the double materiality assessment process, we interviewed persons responsible for the process and familiarized ourselves with the process description prepared of the double materiality assessment and other documentation and background materials.
- In relation to the EU taxonomy information we interviewed the management of the company and persons with key roles in reporting taxonomy information to examine how taxonomy eligible and taxonomy aligned activities have been identified, we obtained evidence supporting the interviews and reconciled the reported EU taxonomy information to supporting documents and to the bookkeeping, as applicable.
- We assessed the application of the ESRS sustainability reporting standards reporting principles in the presentation of the sustainability information.

Helsinki, February 6, 2025

KPMG OY AB  
Authorized Sustainability Audit Firm

KIRSI JANTUNEN  
Authorized Sustainability Auditor, KRT

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# Comparable key ratios and calculation of key ratios

### Comparable key ratios and calculation of key ratios

Comparable key figures European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures define alternative performance measures as a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined in the applicable financial reporting framework, in Metsä Group's case International Financial Reporting Standards as adopted in the EU pursuant to Regulation (EC) No 1606/2002. Performance measures presented in this report qualify as alternative performance measures under the ESMA guidelines.

Metsä Group sees the presentation of alternative performance measures as providing users of financial statements with an improved view of the company's financial performance and position, including among other things the efficiency of its capital utilization, operational profitability and debt servicing capabilities.

Reconciliation of operating result under IFRS and comparable operating result as well as EBITDA and comparative EBITDA is presented in this report. Comparable return on capital employed has been calculated using the same adjustments as the comparable operating result, and it has been further adjusted with financial items affecting comparability when applicable. Metsä Group considers the key figures derived in this manner to improve the comparability between reporting periods.

None of these key figures with items affecting comparability eliminated are key figures used in IFRS reporting, and they cannot be compared with other companies' key figures identified with the same names. Items affecting comparability include material gains and losses on disposals of assets, impairment and impairment reversals in accordance with IAS 36 "Impairment of Assets", corporate divestments and acquisitions, adjustment measures and other restructuring measures and their adjustments, costs arising from extensive and unforeseeable interruptions in production and the compensation received for them as well as items arising from legal proceedings. In Metsä Group's view, comparable performance measures better reflect the underlying operational performance of the company by eliminating the result effect arising from items and transactions outside ordinary course of business.

### Reconciliation of operating result and EBITDA

#### Reconciliation by segment

EUR million	2024	2023
Operating result (IFRS)	186.4	498.1
Depreciation and impairment charges	467.7	347.2
EBITDA	654.1	845.3
Items affecting comparability:		
Wood Supply and Forest Services	-1.5	-10.3
Wood Products Industry	-1.1	-3.0
Pulp and Sawn Timber Industry	-4.3	12.1
Paperboard Industry	-0.9	1.4
Tissue and greaseproof papers	-0.5	-10.9
Others and eliminations	2.8	-1.5
Total	-5.4	-12.2
Comparable EBITDA	648.7	833.0
Depreciation and impairment charges	-467.7	-347.2
Items affecting comparability		
Depreciation:		
Tissue and greaseproof papers		
Impairment charges and reversals:	21.9	2.0
Wood Supply and Forest Services	-2.6	
Wood products industry	14.1	
Pulp and Sawn Timber Industry	0.7	1.2
Paperboard Industry	7.6	
Tissue and greaseproof papers	2.1	0.8
Others and eliminations		
Comparable operating profit	203.0	487.9

#### Reconciliation by expense and income

EUR million	2024	2023
Operating result (IFRS)	186.4	498.1
Depreciation and impairment charges	467.7	347.2
EBITDA	654.1	845.3
Items affecting comparability:		
Other operating income	-31.4	-30.4
Change in inventories	3.5	9.6
Employee costs	3.0	1.0
Other operating expenses	19.5	7.5
Total	-5.3	-12.2
Comparable EBITDA	648.8	833.0
Depreciation and impairment charges	-467.7	-347.2
Items affecting comparability		
Depreciation		
Impairment charges and reversals	21.9	2.0
Comparable operating profit	203.0	487.9

Items with "+" sign = expenses affecting comparability  
Items with "-" sign = income affecting comparability

The description of items affecting comparability is in Note 2.1, Segment information.

### Calculation of key ratios

Comparable key figures	Specification	The grounds for using key figures
PROFITABILITY		
Operating result	= Result before income tax, financial income and -expenses, exchange gains and losses and share of results from associated companies and joint ventures	The key figure describes the Group's ability to produce a profit from its business, and it is independent of the company's capital structure
EBITDA	= Operating result before depreciation, amortisation and impairment charges	The key figure shows how much margin is left over from the Group's sales after deducting the variable and fixed costs of business before depreciation, amortisation and impairment
Return on equity (%) ROE	= $\frac{\text{Result before tax - income taxes}}{\text{Members' funds total (average)}}$	The key figures describe the Group's ability to produce a profit with the assets invested in the Group by shareholders
Return on capital employed (%) ROCE	= $\frac{\text{Result before tax -/+ net exchange gains/losses + interest and other financial expenses}}{\text{Balance total - non-interest-bearing liabilities (average)}}$	The key figure describes the Group's ability to produce a profit on the capital invested, from the point of the party investing the capital
FINANCING		
Equity ratio (%)	= $\frac{\text{Members' funds total}}{\text{Total assets - advance payments received}}$	The key figure describes the Group's capital structure, solvency and ability to take care of its commitments in the long run
Net gearing ratio (%)	= $\frac{\text{Interest-bearing net liabilities}}{\text{Members' funds total}}$	The key figure describes the Group's capital structure and financial position.
Interest-bearing net liabilities	= Interest-bearing liabilities - cash and cash equivalent - interest-bearing receivables	The key figure describes the Group's indebtedness
OTHERS		
Total investments	= Investments in owned and leased fixed assets and investments in business combinations	The key figure describes the Group's application of funds for maintaining and renewing its production machinery and plants and for expanding its business with corporate acquisitions

## Taxes

Metsä Group's business generates tax revenues that help fund government finances. In addition to the taxes and tax-like charges we pay in our role as a taxpayer, our business value chain generates other kinds of tax revenue.

The amount of Metsä Group's income taxes varies, depending on the Group's operating result. Even when the Group's result is weaker, and the amount of income taxes smaller, all the taxes and tax-like charges generated directly or indirectly from Metsä Group's business still make a significant contribution to government finances.

Metsä Group complies with international transfer pricing guidelines and local tax laws in all its operating countries. In accordance with the arm's length principle, most of the taxable income and corporate income taxes paid are allocated to the countries where the Group's most significant operations are located. Metsä Group's most significant operations are mainly in Finland.

In accordance with the Group's tax policy, Metsä Group's business models and legal structures must always be based on business reasons and business substance. Metsä Group does not engage in artificial arrangements to reduce its taxes.

Metsä Group's cooperation with the local tax authorities is transparent and active. In Finland, Metsä Group participates in enhanced cooperation with the Finnish Tax Administration.

Tax matters are managed by Metsä Group's tax function and are regularly discussed by the Audit Committee of Metsäliitto Cooperative's Board of Directors.

To increase tax-related transparency, Metsä Group voluntarily discloses information about the taxes and tax-like charges imposed on it as its tax footprint.

### Taxes paid

EUR million	Finland		Sweden		Other countries		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Corporate income taxes	12.6	30.6	6.7	8.9	6.9	16.4	26.2	55.9
Employers' social contribution	74.3	78.7	25.1	24.0	25.2	26.9	124.6	129.7
Operational taxes	10.8	9.6	4.5	3.7	5.0	5.3	20.3	18.6
Other taxes	4.1	3.1	0.0	0.0	2.0	1.8	6.1	4.9
<b>Total</b>	<b>101.8</b>	<b>122.0</b>	<b>36.3</b>	<b>36.6</b>	<b>39.1</b>	<b>50.4</b>	<b>177.2</b>	<b>209.0</b>

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## Quarterly data

EUR million	Yearly		Quarterly								
	2024	2023	Q4/2024	Q3/2024	Q2/2024	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023	
<b>Income statement</b>											
<b>Sales by segments</b>											
Wood Supply and Forest Services	2,360.1	2,221.7	602.8	592.3	549.4	615.6	605.3	485.4	529.6	601.3	
Wood Products Industry	553.9	591.6	132.0	126.0	155.8	140.1	129.5	136.5	163.8	161.8	
Pulp and Sawn Timber Industry	2,328.3	2,498.6	642.5	526.7	574.6	584.5	649.1	638.9	542.0	668.6	
Paperboard Industry	1,938.6	1,941.9	446.0	499.0	509.8	483.7	422.6	479.0	498.2	542.1	
Tissue and Greaseproof Papers	1,152.9	1,250.2	290.3	281.3	283.6	297.7	303.6	292.7	310.8	343.1	
Other operations	77.8	18.2	17.9	15.4	17.3	27.1	4.8	4.0	4.7	4.7	
Eliminations	-2,664.4	-2,411.8	-657.1	-705.1	-611.0	-691.2	-628.7	-528.1	-567.8	-687.3	
<b>Sales total</b>	<b>5,747.2</b>	<b>6,110.4</b>	<b>1,474.5</b>	<b>1,335.7</b>	<b>1,479.5</b>	<b>1,457.5</b>	<b>1,486.1</b>	<b>1,508.5</b>	<b>1,481.4</b>	<b>1,634.4</b>	

	2024	2023	Q4/2024	Q3/2024	Q2/2024	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
<b>Operating result by segments</b>										
Wood Supply and Forest Services	32.5	29.0	6.5	8.3	5.1	12.6	11.7	2.8	7.7	6.8
Wood Products Industry	7.8	64.9	-10.2	2.5	8.0	7.4	9.9	9.3	21.1	24.6
Pulp and Sawn Timber Industry	5.8	114.6	-2.0	76.5	-49.5	-19.3	-13.9	-30.2	24.4	134.3
Paperboard Industry	62.3	120.8	-1.7	41.7	-0.7	23.0	-0.2	3.1	29.5	88.4
Tissue and Greaseproof Papers	101.6	198.7	28.2	16.4	16.0	41.1	59.8	44.3	47.8	46.8
Other operations	-17.1	-31.4	-4.7	-1.4	-6.6	-4.3	-13.3	-1.6	-11.2	-5.3
Eliminations	-6.5	1.5	13.0	-32.8	16.0	-2.8	1.0	13.0	7.4	-19.9
<b>Operating result total</b>	<b>186.4</b>	<b>498.1</b>	<b>29.2</b>	<b>111.2</b>	<b>-11.6</b>	<b>57.7</b>	<b>55.0</b>	<b>40.8</b>	<b>126.6</b>	<b>275.7</b>
Operating result, comparable	203.0	487.9	32.7	113.2	-12.9	69.9	57.1	51.0	104.1	275.7
-"-, % of sales	3.5	8.0	2.2	8.5	-0.9	4.8	3.8	3.4	7.0	16.9
Share of results from associated companies and joint ventures	-0.6	-1.2	0.7	-0.3	-1.0	0.0	0.9	-1.3	-1.1	0.3
Net exchange gains/losses	-2.5	-1.1	-1.3	0.5	0.8	-2.5	2.1	1.5	-0.8	-3.9
Financial income and expenses	-52.1	-8.0	-16.0	-11.8	-14.2	-10.0	-8.3	7.9	-6.0	-1.6
<b>Result before tax</b>	<b>131.3</b>	<b>487.8</b>	<b>12.6</b>	<b>99.6</b>	<b>-26.1</b>	<b>45.2</b>	<b>49.7</b>	<b>48.9</b>	<b>118.7</b>	<b>270.5</b>
Income taxes	-22.7	-104.2	-2.0	-22.1	6.2	-4.8	-8.9	-11.8	-26.1	-57.4
<b>Result for the period</b>	<b>108.5</b>	<b>383.6</b>	<b>10.5</b>	<b>77.5</b>	<b>-19.9</b>	<b>40.4</b>	<b>40.8</b>	<b>37.0</b>	<b>92.6</b>	<b>213.1</b>

	2024	2023	Q4/2024	Q3/2024	Q2/2024	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
<b>Operating result, comparable</b>										
Wood Supply and Forest Services	28.4	18.7	6.5	8.3	1.0	12.6	11.7	2.8	-2.7	6.8
Wood Products Industry	20.8	61.8	3.0	2.5	7.8	7.4	6.9	9.3	21.1	24.6
Pulp and Sawn Timber Industry	2.2	127.9	-11.6	78.0	-49.4	-14.7	-8.6	-22.1	24.4	134.3
Paperboard Industry	69.0	122.2	-3.6	41.9	-0.8	31.5	0.7	5.5	27.3	88.7
Tissue and Greaseproof Papers	103.2	188.6	28.2	15.5	18.5	41.1	59.7	43.8	38.3	46.8
Other operations and eliminations	-23.5	-31.3	10.3	-33.0	10.0	-7.9	-13.3	11.7	-4.3	-25.5
<b>Total</b>	<b>203.0</b>	<b>487.9</b>	<b>32.7</b>	<b>113.2</b>	<b>-12.9</b>	<b>69.9</b>	<b>57.1</b>	<b>51.0</b>	<b>104.1</b>	<b>275.7</b>

Key ratios	2024	2023	Q4/2024	Q3/2024	Q2/2024	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Equity ratio, %	56.2	55.9	55.9	56.5	56.4	56.5	55.9	57.5	58.7	58.2
Net gearing ratio, %	22	12	12	23	21	16	12	13	15	7
Interest-bearing net liabilities, EUR million	1,236	663	663	1,281	1,180	887	663	756	870	409
Return on capital employed, %	2.7	7.3	1.9	6.0	-0.2	3.3	3.8	2.7	7.0	15.3
Comparable, %	2.9	7.2	2.0	6.1	-0.3	4.0	3.9	3.2	5.9	15.3
Return on equity, %	1.9	6.8	0.8	5.6	-1.4	2.9	2.9	2.6	6.5	14.9
Comparable ROE, %	2.1	6.7	1.0	5.7	-1.7	3.6	3.0	3.3	5.3	15.0

## Ten years in figures

EUR million	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Sales	5,747	6,110	6,980	6,017	5,055	5,473	5,709	5,040	4,658	5,016
EBITDA	654	845	1,636	1,214	679	790	1,128	831	687	800
- "-", comparable	649	833	1,564	1,211	671	799	1,133	820	674	791
- % of sales	11.3	13.6	22.4	20.1	13.3	15.0	19.9	16.3	14.5	15.8
Operating result	186	498	1,302	874	376	374	843	581	442	542
- "-", comparable	203	488	1,276	914	368	495	849	566	439	537
- % of sales	3.5	8.0	18.3	15.2	7.3	9.0	14.9	11.2	9.4	10.7
Result for the period	109	384	999	657	262	239	613	404	280	356
Non-current assets	6,568	6,532	5,835	4,561	3,899	3,867	4,019	4,004	3,596	3,166
Inventories	1,514	1,181	1,237	1,038	966	980	991	782	767	687
Other current assets	1,821	2,395	2,359	2,281	1,955	1,848	1,883	1,802	1,583	1,763
Total assets	9,903	10,108	9,415	7,891	6,851	6,727	6,893	6,588	5,946	5,616
Members' funds	4,298	4,282	4,135	3,574	3,092	2,927	2,751	2,234	1,942	1,806
Non-controlling interest	1,261	1,361	1,566	1,240	823	849	905	727	658	611
Non-current liabilities	2,052	2,181	1,596	1,281	1,515	1,561	1,506	2,019	1,611	1,652
Current liabilities	2,291	2,284	2,117	1,789	1,405	1,375	1,731	1,608	1,735	1,547
Total members' funds and liabilities	9,903	10,108	9,415	7,891	6,851	6,727	6,893	6,588	5,946	5,616
Return on capital employed, %	2.7	7.3	19.9	15.5	7.2	7.3	16.6	12.6	10.2	13.7
- "-", comparable	2.9	7.2	19.5	16.2	7.1	9.6	16.8	12.3	10.2	13.6
Return on equity, %	1.9	6.8	19.0	15.1	6.8	6.4	18.5	14.5	11.2	15.9
- "-", comparable	2.1	6.7	18.9	16.0	6.6	9.7	18.7	14	11	15.8
Equity ratio, %	56.2	55.9	60.6	61.1	57.2	56.2	53.1	45	43.9	43.2
Net gearing ratio, %	22	12	3	-4	4	10	13	34	40	25
Net cash flow from operating activities	11	926	1,227	1,023	667	485	761	749	348	796
Interest-bearing liabilities	2,239	2,190	1,457	1,164	1,389	1,469	1,553	2,073	1,935	1,747
Interest-bearing financial assets	1,003	1,527	1,280	1,348	1,221	1,096	1,089	1,080	902	1,137
Interest-bearing net liabilities	1,236	663	177	-185	168	374	463	993	1,033	610
Total investments	603	1,193	1,500	994	401	260	275	631	762	492
Depreciation and impairment charges	468	347	334	340	304	416	285	250	244	258.2
Personnel, average	9,706	9,751	9,587	9,619	9,392	9,624	9,464	9,399	9,626	10,117
Personnel, at the end of year	9,581	9,464	9,155	9,533	9,213	9,265	9,310	9,126	9,300	9,599
- of whom in Finland	5,677	5,538	5,135	5,329	5,055	4,929	4,834	4,764	4,927	5,122

Calculation of key ratios and definition of comparable key ratios is presented in part "Calculation of key figures".



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# Corporate Governance Statement 2024

## Introduction

This statement concerning Metsä Group's Corporate Governance has been given as a separate report and is published simultaneously with Metsä Group's Financial Statements and the Board of Directors' Report.

Metsäliitto Cooperative is a Finnish cooperative and the parent company of Metsä Group. In this statement, Metsäliitto Cooperative is referred to when a matter is discussed only from the parent company's perspective. The decision-making and administration of Metsä Group companies complies with the Cooperatives Act, the Limited Liability Companies Act, the Securities Markets Act, the rules of the cooperative, procedures approved by the administrative bodies, and the policies and guidelines approved by the Board of Directors of Metsäliitto Cooperative and the Executive Management Team of the Group. Metsäliitto Cooperative's rules are available in full on Metsä Group's website under "Investors – Corporate governance".

Metsä Group prepares its financial statements and interim reports in accordance with the International Financial Reporting Standards (IFRS). The financial statements are published in Finnish and English. Metsä Group's head office is located in Espoo in Finland. The registered office of the parent company, Metsäliitto Cooperative, is in Helsinki in Finland.

## Corporate Governance Code

Metsä Group's parent company Metsäliitto Cooperative complies with the Corporate Governance Code issued by the Securities Market Association; however, it takes the special characteristics of the cooperative form of incorporation into account, stating the deviations from the code and their rationale. The Finnish Corporate Governance Code is available on the website of the Securities Market Association at [www.cgfinland.fi/en/](http://www.cgfinland.fi/en/).

The corporate governance system of Metsä Group's parent company Metsäliitto Cooperative deviates from the recommendations of the Corporate Governance Code as follows:

- According to the Corporate Governance Code, the members of the Board of Directors are elected by the Annual General Meeting. According to the rules of Metsäliitto Cooperative approved by the Representative Council, the members of the Board of Directors are elected by the Cooperative's Supervisory Board. The election of the Board of Directors thus deviates from the recommendation of the Corporate Governance Code due to the cooperative governance structure. The Cooperative's rules concerning the election of the Board of Directors ensure the realisation of cooperative corporate governance.
- According to the Corporate Governance Code, the members of the Board of Directors are elected for a term of office of one year at a time. According to the rules of Metsäliitto Cooperative approved by the Representative Council, the term of office of the members of the Board of Directors is three (3) years at a time. The Board members' three-year term of office has been deemed necessary to secure the continuity of decision-making and board work.

## Governance model

Metsäliitto Cooperative's administrative bodies are the Representative Council, Supervisory Board, Board of Directors and the CEO, who also acts as the President and CEO of Metsä Group.

The bodies separately specified below in this statement assist the administrative bodies in their decision-making and prepare their decisions. According to the rules of Metsäliitto Cooperative, the administrative personnel of Metsäliitto Cooperative must not work for companies or other organisations operating either directly or indirectly in the same sector as the cooperative or its Group companies or participate in the administration of such companies or organisations.

## Representative Council

The Representative Council uses the supreme decision-making power belonging to the members in Metsäliitto Cooperative in matters assigned to it by law and the Cooperative's rules. The Representative Council substitutes for the meeting of the cooperative in Metsäliitto Cooperative.

The meeting of the Representative Council discusses the matters specified in the Cooperatives Act and the rules of Metsäliitto Cooperative, as well as other matters mentioned in the invitation to the meeting. The main tasks of the Representative Council are to:

- Decide on adopting the financial statements;
- Decide on the distribution of profit to the members;
- Decide on discharging the Supervisory Board, Board of Directors and CEO/President and CEO from liability;
- Elect the members of the Supervisory Board and the auditors and to decide on their remuneration.

A full member of Metsäliitto Cooperative may be elected to the Representative Council. Persons who are employed by the Cooperative or its Group company or who are members of Metsäliitto's Supervisory Board or Board of Directors are not eligible to stand for election to the Representative Council.

The election of the Representative Council is carried out every four years by postal voting, a communications link or some other technical means. Each member of the Cooperative has one vote in the election. The election is carried out by election districts so that the number of representatives elected from each district equals the number of Metsäliitto Cooperative members on the list of voters for the district in question who are entitled to vote on 1 January of the election year, divided by 2,300, and the remainder counted as one. The election districts are confirmed by the Supervisory Board, and they are determined according to Metsäliitto Cooperative's district organisations as a rule.

In accordance with the rules, the Representative Council convenes once a year in the spring. The Representative Council, the Supervisory Board or the Board of Directors may decide to arrange an extraordinary meeting of the Representative Council. An extraordinary meeting must also be convened if demanded by at least one tenth of the Representative Council

members. Unless otherwise required by the Cooperatives Act for certain matters, the Representative Council is convened by the Supervisory Board at least seven days before the meeting with a written invitation to the meeting sent to every member of the Representative Council, which must mention the matters to be discussed in the meeting.

Each Representative Council member has one vote in the meeting. Amending the rules of Metsäliitto Cooperative requires that the amendment proposal is supported by a minimum of two-thirds of the members present at the meeting of the Representative Council. In addition to the members of the Representative Council, the President and CEO of Metsä Group, the Chair of the Board of Directors and, as a general rule, the members of the Board of Directors and Supervisory Board are present at meetings of the Representative Council. In addition, the auditors are also present at the Annual General Meeting of the Representative Council. The composition of the Representative Council is presented on Metsä Group's website under "Investors – Management and administration".

## District Committees

In accordance with the rules of Metsäliitto Cooperative, there is a District Committee in each wood supply district. The District Committee comprises the members of the Representative Council and Supervisory Board from the District's area, as well as candidates not elected in the election of the Representative Council, in the order of their personal number of votes. Each District has twice as many committee members as the number of representatives elected from the District's area, but always a minimum of five candidates not elected to the Representative Council in the election. The District Committee regulations approved by the Supervisory Board specify the tasks of the District Committee. According to the regulations, the main task of the District Committee is to promote communication and interaction between the members and the Metsäliitto Cooperative wood supply district in question through its operations.

## Supervisory Board

The rules of Metsäliitto Cooperative specify that the Supervisory Board is part of Metsäliitto's administrative model. This aims to ensure the realisation of sufficient governance by the owners and the commitment of the members to the Cooperative's decision-making. Strategic and other far-reaching decisions, however, belong to the powers of Metsäliitto Cooperative's Board of Directors, and operational management to the executive management. The rules of the Cooperative specify the tasks of the Supervisory Board.

The main task of the Supervisory Board is to ensure that the Cooperative is managed in accordance with the rules and the decisions of the Representative Council and the Supervisory Board.

In addition to this, the Supervisory Board:

- Elects and dismisses members of the Board of Directors and decides on their remuneration;
- Gives the Board of Directors instructions on far-reaching matters and matters that are of importance in principle;
- Provides the Representative Council with an opinion on the financial statements.

The Supervisory Board elects a chair and deputy chair from among its members for one (1) year at a time and invites a secretary. The Supervisory Board convenes as summoned by the chair as often as necessary, or as

proposed by the Board of Directors. The Supervisory Board constitutes a quorum when more than half the members are present. The opinion favoured by the majority will be the final decision. If the votes are even, the chair has the casting vote, and even elections are decided by lot.

The Supervisory Board comprises a minimum of twenty and a maximum of thirty members elected by the Representative Council from among the members of the Cooperative. In addition, the Representative Council may, at the proposal of the Supervisory Board, elect a maximum of three expert members to the Supervisory Board. The term of office of a member of the Supervisory Board begins after the Annual General Meeting of the Representative Council that elected him or her and runs until the Annual General Meeting of the Representative Council three years later. The purpose of the three-year term of office is to ensure continuity in decision-making. Regional equality is taken into consideration when electing the members of the Supervisory Board. A member of the Board of Directors may not be a member of the Supervisory Board.

The composition of the Supervisory Board is presented on Metsä Group's website under "Investors – Management and administration".

## Nomination Committee of the Supervisory Board

A special Nomination Committee elected by the Supervisory Board from among its members prepares the election of the members of the Board of Directors in accordance with the procedures approved for it. In addition, the Nomination Committee presents the Supervisory Board with a proposal for the fees paid to the Board of Directors. The Nomination Committee comprises six members of the Supervisory Board as well as the Chair and the Deputy Chair of the Supervisory Board. The Chair of the Supervisory Board acts as the Chair of the Nomination Committee. The Committee may invite the Chair of the Board of Directors to attend their meetings as an expert member.

The Supervisory Board elected the following persons to the Nomination Committee at its meeting on 25 April 2024: Matti Alatalo, Aila Haikkonen, Pirkko Laitinen, Jyrki Savolainen, Matti Turtiainen and Ilkka Uusitalo. Furthermore, Juha Paajanen, Chair of the Supervisory Board, and Ahti Siponen, Deputy Chair, are members of the Nomination Committee based on their positions.

## Information about the meetings of the Supervisory Board in 2024

In 2024, the Supervisory Board had 34 members until 25 April 2024, four of them personnel representatives elected by different personnel groups. Following a decision made by the Representative Council on 28 April 2022, no new personnel representatives were elected to the Supervisory Board, and the term of personnel representatives ended on 25 April 2024. There were no expert members on the Supervisory Board in 2024. The Supervisory Board convened five times, and the members' attendance rate was 98%.

## Board of Directors

According to the rules of Metsäliitto Cooperative and in accordance with legislation, the Board of Directors is charged with ensuring that Metsäliitto Cooperative's and Metsä Group's operations and administration are appropriately arranged. The Board of Directors has drawn up a procedure for its operations that specifies in greater detail the operating principles followed in the decision-making of the Board of Directors. The procedure is

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available in full on Metsä Group’s website under “Investors – Management and administration”.

The tasks of the Board of Directors include:

- Appointing and dismissing the CEO, who also serves as the President and CEO of Metsä Group, unless otherwise decided by the Board of Directors;
- Confirming the tasks of the President and CEO and the terms of the service contract, and monitoring that they take care of the Cooperative’s running administration in accordance with the instructions and orders of the Board of Directors;
- Appointing and dismissing the directors immediately subordinate to the President and CEO;
- Deciding on how share payments are collected, and on the issue of additional shares and their terms and conditions;
- Approving the strategy and annual budget of the Cooperative and the Group, and supervising compliance with them;
- Signing the financial statements and consolidated financial statements, and presenting them to the Supervisory Board for audit;
- Preparing matters to be processed at the meetings of the Supervisory Board;
- Deciding on the remuneration and other benefits of the President and CEO and other senior management on the HR Committee’s proposal;
- Deciding on other matters that, taking the extent and quality of the operations of the Cooperative into account, are unusual and far-reaching.

The Board of Directors elects a chair and a possible deputy chair from amongst its members for one year at a time. The chair of the Supervisory Board has the right to attend the Board of Directors’ meetings. The Board of Directors convenes as summoned by the chair, as often as necessary. The President and CEO prepares the meetings of the Board of Directors. The Board of Directors is quorate when more than half the members of the Board are present. If the votes are equal, the chair has the casting vote. Minutes must be kept of the meetings of the Board of Directors. The Board of Directors regularly appraises its operation and procedures by conducting an annual self-assessment.

**Composition and term of office of the Board of Directors**

The Supervisory Board elects the Board of Directors of Metsäliitto Cooperative. The Board of Directors comprises a minimum of five and a maximum of eight members. As a rule, a Board member’s term of office commences at the beginning of the calendar year following the meeting of the Supervisory Board that elected them and runs for three years at a time. When preparing the nominations of the members of the Board of Directors, the Supervisory Board’s Nomination Committee considers their qualifications, experience and available time, and also ensures that the composition of the Board includes diverse expertise. In 2024, the Chair of the Board of Directors was Jussi Linnaranta, the Deputy Chair was Mikko Mäkimattila, and the members were Teuvo Hatva, Taavi Heikkilä, Eija Pitkänen, Nina Pärssinen, Ilkka Salonen and Jussi Vanhanen.

At its meeting held in October 2024, Metsäliitto Cooperative’s Supervisory Board re-elected the outgoing Board members Eija Pitkänen and Jussi Vanhanen for a new three-year term. In December 2024, the Supervisory Board elected Päivi Lindqvist as a new member. Nina Pärssinen retired from the Board of Directors on 31 December 2024.

According to the decision made by the Board of Directors in January 2025, the Chair of the Board of Directors in 2025 will be Jussi Linnaranta, and the Deputy Chair will be Mikko Mäkimattila.

Overall, the Board of Directors has comprehensive experience of good corporate governance and international business and management in various sectors, including forestry and the forest industry, machinery manufacture, the construction industry, trade, telecommunications, the food industry, the chemical industry, the metal industry, the IT and software sector, and the financial and insurance sector.

The Board of Directors also possesses deep competence and experience concerning sustainability management and the assessment of related risks and opportunities. Several Board members have also gained experience of board work and other positions of trust outside Metsä Group in listed companies or other major corporations. The composition of the Board and the members’ CVs are also available on Metsä Group’s website, under “Investors – Management and administration”.

**Metsäliitto Cooperative’s Board of Directors on 31 December 2024**

Member of the Board of Directors	Member of the Board of Directors since	Year of birth	Education	Participation shares (own, under common ownership and by controlled corporations) in Metsäliitto Cooperative on 31 December 2024 (EUR)	Shares (own and by controlled corporations) in Metsä Board Corporation on 31 December 2024 (number)
Jussi Linnaranta Chair	2017	1972	MSc (Agriculture and Forestry), agronomist	370,562	42,251 (B share)
Mikko Mäkimattila Deputy Chair	2020	1971	MSc (Agriculture and Forestry), agronomist	166,497	9,813 (B share)
Teuvo Hatva	2024	1968	MSc (Administrative Sciences)	144,458	4,666 (B share)
Taavi Heikkilä	2021	1962	MSc (Economics), vuorineuvos (Finnish honorary title)	7,144	3,000 (B share)
Eija Pitkänen	2023	1961	MSc (Food Sciences)	277	1,300 (B share)
Nina Pärssinen	2021	1961	LLM	10,768	-
Ilkka Salonen	2018	1965	MSc (Economics)	143,094	-
Jussi Vanhanen	2022	1971	MBA, LLM	8,564	4,000 (B share)

**Independence of Board members and diversity of the Board of the Directors**

According to an overall evaluation by the Board of Directors, all members of the Board are independent of Metsäliitto Cooperative. The cooperative does not have such significant owner-members as referred to in the Corporate Governance Code on whom the members of the Board of Directors would be dependent. According to the Board of Directors’ diversity principles, the successful management of the tasks of the Board of Directors and its committees requires a diverse composition, competence and experience, as well as the consideration of the personal qualities of individual members. Metsäliitto Cooperative has identified, in addition to knowledge of the forestry and forest industry sector, experience in demanding business management tasks and an international operating environment as essential in terms of the Board of Director’s diversity. Other factors identified as promoting diversity include the board members’ mutually complementary educational backgrounds, management experience in various segments of business operations, and a diverse age and gender distribution. The goal is to have an equal representation of women and men on the Board of Directors. The Supervisory Board’s Nomination Committee observes these principles and goals when preparing proposals on the composition of the Board of Directors presented to the Supervisory Board. The Board of Directors comprises eight members, all of whom have an academic degree. The members of the Board of Directors have significant experience in demanding governance and management duties from a number of sectors, and of international business operations. Several Board members are distinguished members of society. Sustainability competence is also considered in the appointment of Board members.

The achievement of the Board of Directors’ diversity targets is monitored by the Supervisory Board’s Nomination Committee, which prepares proposals on the appointment of Board members for the Supervisory Board. The Board’s composition complies with the principles defined for diversity.

In 2024, the Board had eight (8) members, of whom 75% were men (6), and 25% were women (2). The Board members’ ages range from 52 to 63.

**Each Board member’s meeting attendance**

Member of the Board of Directors	Number of Board meetings	Attendance rate (%)	Independence from the company
Jussi Linnaranta (Chair)	16/16	100	Yes
Mikko Mäkimattila (Deputy Chair)	16/16	100	Yes
Teuvo Hatva	16/16	100	Yes
Taavi Heikkilä	16/16	100	Yes
Eija Pitkänen	16/16	100	Yes
Nina Pärssinen	15/16	94	Yes
Ilkka Salonen	16/16	100	Yes
Jussi Vanhanen	16/16	100	Yes

None of the Board members is involved in the management of Metsä Group’s business, and none of the members has a service or employment contract with Metsäliitto Cooperative or its group companies. At Metsä Group, the personnel’s representatives are members of the management teams of production units and Group services. All the members of the Board of Directors (100%) are independent of the company and the Cooperative’s owner-members.

**Information about the meetings of the Board of Directors and its Committees in 2024**

The Board of Directors convened 16 times in 2024. The Board members’ attendance rate was 99%. The Audit Committee convened five times. The Audit Committee members’ attendance rate was 100%. The HR Committee convened four times, and the members’ attendance rate was 100%.

**Board Committees**

To ensure that the Board of Directors’ tasks are effectively carried out, Metsäliitto Cooperative’s Board of Directors has an Audit Committee and an HR Committee. The committees do not have the authority to make decisions independently; the Board of Directors makes the decisions on matters based on the preparation of the Committees. The Board of Directors elects the members of the committees from among its members.

**Audit Committee**

The Audit Committee assists the Board of Directors in performing its supervision task. In this task, the Committee assesses and supervises matters related to financial and sustainability reporting, auditing, internal audit and risk management in accordance with the procedures approved for it. The Audit Committee comprises a minimum of three members, most of whom are independent of the company, elected annually by the Board of Directors from among its members. In addition, the Chair of the Supervisory Board has the right to attend the Audit Committee’s meetings. The President and CEO and the Group’s Chief Financial Officer also attend the meetings of the Audit Committee, except when the Audit Committee wishes to convene without the presence of the executive management.

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The Audit Committee regularly reports to the Board of Directors on its operations and observations. In 2024, the Chair of the Audit Committee was Ilkka Salonen. The other members of the committee in 2024 were Jussi Linnaranta, Mikko Mäkimattila, Eija Pitkänen and Jussi Vanhanen. In 2025, Ilkka Salonen will continue as the Chair of the Audit Committee. Jussi Linnaranta, Eija Pitkänen and Jussi Vanhanen will continue as members of the committee. Päivi Lindqvist was elected as a new committee member for 2025.

Audit Committee member	Number of meetings	Attendance rate (%)
Ilkka Salonen ( Chair)	5/5	100
Jussi Linnaranta	5/5	100
Mikko Mäkimattila	5/5	100
Eija Pitkänen	5/5	100
Jussi Vanhanen	5/5	100

### HR Committee

The purpose of the HR Committee is to assist the Board of Directors in ensuring that Metsä Group has appropriate and competitive remuneration systems, and successor and development planning in accordance with the procedure approved for it. In its task, the committee presents matters such as the terms of the employment relationship of the Managing Director and the President and CEO, incentive systems for the senior management, and key principles in the senior management’s contracts to the Board of Directors for decision. In addition, the HR Committee presents the annual targets for the senior management to the Board of Directors for approval and monitors their realisation. Furthermore, the committee processes matters related to the incentive systems of the senior management and presents them for the decision of the Board of Directors.

The Board of Directors elects at least three members to the HR Committee annually from among its members. The majority of the members of the HR Committee must be independent of Metsä Group. The President and CEO and the Group’s Chief Financial Officer also attend the meetings of the HR Committee, except when the committee wishes

to convene without the presence of the executive management. The HR Committee regularly reports to the Board of Directors on its operations. In 2024, the Chair of the HR Committee was Taavi Heikkilä, and the members were Teuvo Hatva, Jussi Linnaranta and Nina Pärssinen. Taavi Heikkilä will continue as the Chair of the HR Committee in 2025. Teuvo Hatva and Jussi Linnaranta will continue as members of the committee. Mikko Mäkimattila was elected as a new committee member for 2025.

HR Committee member	Number of meetings	Attendance rate (%)
Taavi Heikkilä (Chair)	4/4	100
Jussi Linnaranta	4/4	100
Teuvo Hatva	4/4	100
Nina Pärssinen	4/4	100

### President and CEO

Metsäliitto Cooperative has a CEO, who also acts as the President and CEO of Metsä Group unless otherwise decided by the Board of Directors. Currently, the President and CEO of Metsä Group also acts as the CEO of Metsäliitto Cooperative. The President and CEO is appointed by the Board of Directors. The President and CEO is charged with the management of the operations of Metsä Group in accordance with the law and regulations, as well as the decisions and instructions of the governing bodies. The President and CEO is in charge of arranging the running administration of the cooperative and supervising its financial administration. President and CEO Ilkka Hämälä (M.Sc. (Eng.), born in 1961) has acted as the CEO of Metsäliitto Cooperative as of 1 January 2018 and as the President and CEO of Metsä Group since 1 April 2018. Further details about the President and CEO are available on Metsä Group’s website under “Investors – Management and administration”.

### Executive Management Team

Metsä Group has an Executive Management Team chaired by the Group’s President and CEO. The Executive Management Team assists

the President and CEO in the planning and operational management of business operations and prepares proposals for the Board of Directors, such as business strategies, budgets and significant investments. In addition to the President and CEO, the Executive Management Team includes the Group’s CFO, the Group’s Executive Vice President, Strategy, the Executive Vice Presidents of Metsä Forest and Metsä Wood, and the CEOs of Metsä Fibre Oy, Metsä Board Corporation, and Metsä Tissue Corporation. The Executive Management Team convenes as summoned by the Chair, primarily once a month, and additionally whenever necessary. Metsä Group’s Executive Management Team is composed of President and CEO Ilkka Hämälä, Vesa-Pekka Takala (Metsä Group’s CFO, Deputy Managing Director of Metsäliitto Cooperative), Sari Pajari-Sederholm (Metsä Group’s EVP, Strategy), Juha Jumppanen (EVP of Metsä Forest), Jaakko Anttila (EVP of Metsä Wood), Ismo Nousiainen (CEO of Metsä Fibre), Mika Joukio (CEO of Metsä Board Corporation) and Esa Kaikkonen (CEO of Metsä Tissue Corporation).

The Group’s Executive Management Team as a whole has broad experience of international business, management and good governance in various sectors, including the forest industry and forestry, the energy industry, the metal industry, and the ICT sector. The Executive Management Team also possesses broad competence and experience concerning sustainability management and the assessment of related risks and opportunities.

In 2024, the Executive Management Team had eight (8) members, of whom 87.5% were men (7), and 12.5% were women (1). The Executive Management Team members’ ages range from 47 to 63.

The composition of the Group’s Executive Management Team and the members’ CVs are also available on Metsä Group’s website under “Investors – Management and administration”.

### Internal control, internal audit and risk management

Profitable business requires that operations are monitored continuously and with adequate efficiency. Metsä Group’s internal control covers Metsä Group’s business units and head office functions. Internal control produces transparency for the efficiency and appropriateness of internal operations, as well as the reliability of financial reporting, and compliance with relevant laws and regulations. The functionality of internal control is evaluated by Metsä Group’s internal audit. Internal control is implemented throughout the organisation. Internal control methods include internal guidelines and reporting systems that support control. The principles, objectives and responsibilities of Metsä Group’s internal control and the principles of internal audits are described below. Metsä Group’s executive management, risk management director and internal audit are responsible for composing the principles above, and the Board of Directors for ultimately ratifying them. The internal control and risk management related to sustainability reporting are described in the Sustainability statement under Risk management and internal controls over sustainability reporting, included in the Report of the Board of Directors.

### Internal control

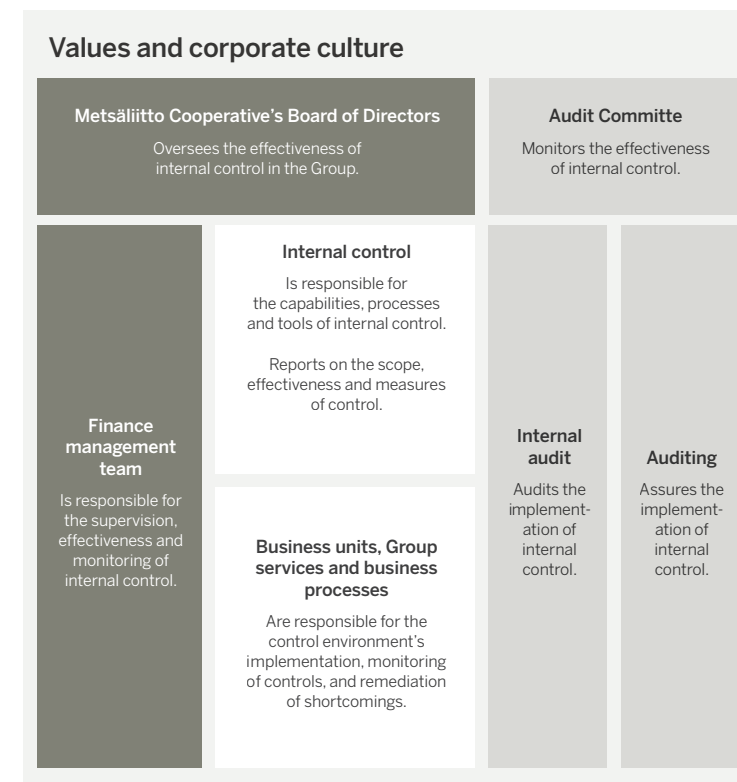
In Metsä Group, internal control covers the control of financial reporting, sustainability reporting and business operations from a risk-oriented perspective. Internal control is implemented by the Board of Directors, the Audit Committee and the executive management, as well as the entire

personnel. Internal control refers to those management activities that seek to ensure:

- Metsä Group’s corporate social responsibility performance;
- Achievement of the objectives set for Metsä Group and the economical, appropriate and efficient use of resources;
- Appropriate management of operational risks;
- Reliable and correct financial and other management information, as well as sustainability matters;
- Adherence to external regulations and internal policies;
- Good practices in relations with external stakeholders (e.g. suppliers, customers, social actors);
- Sufficient security of people, operations, information and property; and
- Arrangement of adequate and suitable manual and IT systems to support operations.

Internal control is divided into (i) proactive control such as defining Metsä Group’s values and general operational and business principles, as well as its goals and strategy; (ii) daily control such as general guidance and control including business processes, operational management systems and work guidelines; and (iii) subsequent control such as management evaluations and inspections, comparisons and verification, the aim of which is to ensure that the goals are met, and that the agreed operational and control principles are followed. Metsä Group’s corporate culture, governance and the approach to control together create the basis for the entire process of internal control.

### Governance model for internal control



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**Control of the financial reporting process, credit control and authorisation rights**

The financial organisations of the business areas and the Group are responsible for financial reporting. The units and business areas report the financial figures each month. Business area controllers check the monthly performance of units from each business area and report them further to the Group’s financial administration. The profitability development and business risks and opportunities of business areas are discussed monthly at the meetings of Metsä Group’s Executive Management Team attended by the senior management of Metsä Group and of each business area, as well as at financial management team meetings attended by the Group CFO and director of finance and the CFO of each business area, among others. The results are reported to the Board of Directors of Metsäliitto Cooperative each month. The results of the business areas are additionally reported to the Boards of Directors of their parent companies each month. Metsä Group’s Controllers’ Manual describes the reporting and control regulations and the reporting procedure in detail. Credit control in Metsä Group is carried out by each business area in accordance with the group’s credit control policy and the business area-specific credit control policy based on it. Credit control is carried out by the group’s central credit control organisation in cooperation with the management of the business areas. Authorisation rights concerning expenses, significant contracts and investments have been continuously specified for different organisation levels, according to the decision-making order confirmed by the board and the authority separately granted by the President and CEO and other management personnel. Investment approval and follow-up are carried out by the business areas and the group’s financial administration according to the decision-making order and investment policy approved by the Board of Directors. The most significant investments are prepared in cooperation with the group’s technology unit and, when required by the decision-making policy, submitted to the group’s Executive Management Team for review and to the Board of Directors of the group’s parent company or the business area’s parent company for approval. The technology unit ensures that the final reporting and follow-up monitoring of these projects are implemented in accordance with the investment policy.

**Internal audit**

Internal audit is an independent and objective assessment, assurance, and consulting activity designed to add value to Metsä Group and improve its operations. Internal audit assists the Board in its supervisory role and supports Metsä Group and its management in achieving the company’s objectives by providing a systematic approach to assessing and improving the effectiveness of risk management, control, governance and management processes. Audit work is carried out in compliance with the internal audit guideline ratified by the Audit Committee. The internal audit function reports to the Audit Committee on operations and to the President and CEO on administration. Internal audit draws up a six-monthly action plan which is approved by the Audit Committee. The audit work is risk-based and focuses on the Group’s activities and units that are considered to be key to achieving the objectives set for the operations. Internal audit, in cooperation with the audit function, ensures that the plans are coordinated to allow adequate coverage of audit work and to avoid duplication of work. Similarly, cooperation is carried out with

other assurance functions within the Group, such as risk management, internal controls and compliance. An audit report on the results of the audit is shared with the Group’s President and CEO, the CFO, the Group General Counsel, the management of the audited entity, and the persons in charge. The audit reports are also submitted to the Chair of the Audit Committee and the auditor. Internal audit provides the Audit Committee with a six-monthly summary report on the audits carried out, the main findings and recommendations, and the management action plans and their implementation. The Chair of the Audit Committee and the Audit Director also meet regularly without the presence of management. An annual summary report of the internal audit activities is prepared for the Board of Directors.

**Risk management**

Risk management is part of Metsä Group’s management, cutting across the entire organisation and involving planning, daily management, development investment and other significant change projects.

Business management is effectively linked with risk management based on the operational principles confirmed by Metsäliitto Cooperative’s Board of Directors. The aim of the principles is to maintain risk management as a process that is well defined, understandable and sufficiently practical. The goal of risk management is to support the achievement of the company’s business goals and produce value for owners in the short and long term. In risk management, the risks and opportunities of a changing business environment are examined and anticipated systematically. Based on the conclusions, decisions are made on how to take risks and opportunities into account to support the targets. The focus is on proactive measures that reduce the probability and impact of risks.

Risk management is based on a systematic process, the implementation of which is integrated with business planning and operational processes. Businesses and Group Services ensure that the risks are taken into account in the company’s planning and decision-making processes, and that risk reporting is adequate and appropriate. The risks identified and their means of control are reported to the company’s management, Audit Committee and Board of Directors at least twice a year.

Business risks also involve opportunities, and they can be capitalised on within the agreed limits. Conscious risk-taking decisions must be based on an adequate evaluation of the risk-bearing capacity and the profit/loss potential.

**Risk management responsibilities**

Risk management responsibilities in Metsä Group are divided as follows:

- The Board of Directors is responsible for Metsä Group’s risk management and confirms the company’s risk management policy
- The Audit Committee evaluates the adequacy of Metsä Group’s risk management and the essential risk areas and provides the Board with related proposals.
- The President and CEO and the members of the Executive Management Team are responsible for the specification and adoption of the risk management principles. They are also responsible for ensuring that the risks are taken into account in the company’s planning processes and that risk reporting is adequate and appropriate.

- The Group’s risk management director is in charge of the development and coordination of Metsä Group’s risk management process and the implementation of risk assessment.
- The Group’s insurance director is in charge of key insurance solutions.
- Business areas and services functions identify and evaluate the essential risks related to their own areas of responsibility in their planning processes, prepare for them, take the necessary preventive action and report on the risks as agreed.

**Risk management process**

The essential elements of Metsä Group’s risk management include implementing a comprehensive corporate risk management process that supports the entire business, protecting property and ensuring business continuity, Metsä Group’s security and its continuous development, as well as crisis management and continuity, and recovery plans. According to the risk management policy and principles, adequate risk management forms a necessary part of the preliminary review and implementation stages of projects that are financially or otherwise significant.

The tasks of risk management are to:

- Ensure that all identified risks with an impact on personnel, customers, products, property, information assets, corporate image, corporate responsibility or operational capacity are controlled according to applicable laws and based on the best available information and financial aspects;
- Ensure that Metsä Group’s objectives are met;
- Fulfil the expectations of stakeholders;
- Protect property and ensure disruption-free business continuity;
- Optimise the profit/loss possibility ratio;
- Ensure the management of Metsä Group’s overall risk exposure and minimise the overall risks. The most significant risks and uncertainties that Metsä Group is aware of are described in the report of the Board of Directors.

**Insider guidelines**

Metsä Group complies with the EU’s market abuse regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council; hereinafter referred to as “MAR”), securities market legislation, and the insider guidelines of the parent company Metsäliitto Cooperative and the subsidiary Metsä Board Corporation, prepared in accordance with the rules and instructions of the Helsinki stock exchange. Metsä Group requires every employee to follow the insider regulations. Insider guidelines aim to enable the people considered the company’s insiders to hold shares in the company openly while maintaining public trust in trading and price formation with the company’s securities. Insiders and those involved in the preparation of financial reporting are regularly provided with instructions and training. The company specifies such other persons who, in the course of their duties, participate in the preparation of interim reports and financial statements, and who are not allowed to trade in Metsäliitto Cooperative’s financial instruments during the closed period. Metsäliitto Cooperative had no traded financial instruments in circulation in a regulated market on 31 December 2024.

Metsä Board Corporation has defined its managers as referred to in MAR to include the members of the Board of Directors and the President and CEO. The managers in question and their related parties are obligated to inform the company and the Financial Supervisory Authority of their transactions concerning Metsä Board’s shares and financial instruments, and Metsä Board will publish such transactions as stock exchange releases. The aforementioned persons are subject to a closed period of 30 calendar days prior to the publication of Metsä Group’s interim reports and financial statements, during which time the managers may not trade Metsä Board’s financial instruments. In addition to the managers subject to the disclosure obligation, the company specifies such other persons who, in the course of their duties, participate in the preparation of interim reports and financial statements and may not trade Metsä Board’s shares or financial instruments during the closed period.

**Related-party transactions**

Metsäliitto Cooperative and its Group companies assess and monitor related-party transactions. Related parties are determined in accordance with International Accounting Standards (IAS 24), and they include all group companies and the members of the Board of Directors and the Executive Management Team, as well as their immediate family members. Any conflicts of interest are taken into account in decision-making and, in accordance with the Corporate Governance Code, each Group company maintains a list of the members of its related parties. Transactions between Group companies are carried out on an arm’s length basis and, where necessary, external valuations are also used to prepare decisions on related party transactions.

**Audit**

According to the rules of Metsäliitto Cooperative, Metsäliitto Cooperative has one auditor, which must be an auditing firm authorised by the Finland Chamber of Commerce. The Representative Council elects the auditor to review the accounts for the year underway, and their task ends at the closure of the next annual meeting of the Representative Council. The task of the auditor is to audit the financial statements and accounting of the Group and the parent company, and the administration of the parent company. The auditor provides a statutory auditor’s report to the members of Metsäliitto Cooperative in connection with the annual financial statements and regularly reports on their observations to the Board of Directors and the management of Metsä Group. In accordance with the resolution of the Representative Council meeting in the spring of 2024, Metsäliitto Cooperative’s auditor for 2024 is KPMG Oy Ab, a firm of authorised public accountants, with Kirsi Jantunen, APA, as the Auditor-in-Charge.

In 2024 audit fees were paid as follows:

<b>Principal auditor’s fees</b>	<b>2024</b>	<b>2023</b>
To KPMG in Finland and internationally	1,724,000	1,743,000
Audit statements*	427,000	59,000
Tax services		8,000
Non-audit services	329,000	542,000
<b>Total</b>	<b>2,480,000</b>	<b>2,352,000</b>

\*<sup>1)</sup> Including fees for assurance of the sustainability statement 2024.

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## Metsäliitto Cooperative's Representative Council

Members of Metsäliitto Cooperative elect a Representative Council from among the members every four years by mail, telecommunications or by some other technical device. The Representative Council is the highest decision-making body.

<b>Anttila Juha</b>	Farmer	Mänttä-Vilppula
<b>Björknäs Roger</b>	Farmer	Kristiinankaupunki
<b>Finne Christer</b>	Farmer	Mustasaari
<b>Halkilahti Jaakko</b>	Farmer	Salo
<b>Hall Hans</b>	Farming Entrepreneur	Leppävirta
<b>Hirvijoki Mika</b>	Change of Ownership Specialist, Farming Entrepreneur	Ikaalinen
<b>Isomuotia Harri</b>	Forester	Hämeenkyrö
<b>Kaitfors Mats</b>	Farmer	Kruunupyö
<b>Kallinen Saara</b>	Forest Engineer, Support Specialist	Kärsämäki
<b>Kallio Maarit</b>	Agrologist	Sastamala
<b>Kankaanpää Antti</b>	Rural entrepreneur	Orivesi
<b>Kela Leena</b>	CEO	Suomussalmi
<b>Kerkelä Antti</b>	Farmer	Kemijärvi
<b>Kleimola Jouni</b>	Account director, farmer	Kauhava
<b>Koljonen Antti</b>	Farmer, Agrologist	Hämeenlinna
<b>Koponen Osmo</b>	Farmer	Liperi
<b>Korpela Liisa</b>	Forester	Kärkölä
<b>Korpi-Tassi Jussi</b>	Entrepreneur	Kurikka
<b>Kosonen Erkki</b>	Forest Entrepreneur	Savonlinna
<b>Lehtimäki Esko</b>	Training Manager, Farming and Forest Entrepreneur	Teuva
<b>Lehtonen Aarne</b>	Farmer	Mynämäki
<b>Leikola Mikko</b>	Farmer	Lohja
<b>Leinonen Tapio</b>	Business Expert	Kitee

<b>Lähdesmäki Elisa</b>	Forest Entrepreneur, MBA	Helsinki
<b>Manninen Heikki</b>	Forester	Mikkeli
<b>Minkkinen Timo</b>	Forest Entrepreneur	Viitasaari
<b>Määttä Esa</b>	Forest Expert, Pensioner	Sotkamo
<b>Nurmo Mika</b>	Farmer	Kokemäki
<b>Orjala Jari</b>	Farming Entrepreneur, Full-time Teacher	Kannus
<b>Pietilä Juho</b>	Farming Entrepreneur	Loimaa
<b>Pulka Ville</b>	Forest Engineer	Mäntyharju
<b>Ruuskanen Timo</b>	Forest and Forest Machine Entrepreneur	Heinävesi
<b>Ryymän Jaakko</b>	Forest Owner	Iisalmi
<b>Soronen Mauno</b>	Vicar	Haapavesi
<b>Sorsa Eero</b>	Farming Entrepreneur	Kouvola
<b>Suhonen Teemu</b>	Farmer	Joroinen
<b>Suppola Jouni</b>	Forest Entrepreneur, Farming Expert	Parikkala
<b>Suutala Pauli</b>	Forest Engineer, Entrepreneur	Alavus
<b>Toivanen Sakari</b>	Farmer	Kaavi
<b>Tupala Arto</b>	Farmer	Joutsa
<b>Tyskas Kim</b>	Farmer, Salesperson	Lapinjärvi
<b>Törmälä Pekka</b>	Forest Entrepreneur	Liminka
<b>Uotila Kirsi</b>	Forestry Entrepreneur	Helsinki
<b>Uusitalo Tarmo</b>	Forest Engineer	Pello
<b>Vasama-Kakko Kaisa</b>	Agrologist, Entrepreneur	Somero
<b>Vastamäki Ari</b>	Forester	Nakkila
<b>Waris Antti</b>	Executive Manager	Konnevesi
<b>Ylitalo Martti</b>	Farmer, Pensioner	Ii

## Metsäliitto Cooperative's Supervisory Board

The Supervisory Board's duty is to supervise the appropriate management of Metsäliitto Cooperative in compliance with the relevant regulations, the Supervisory Board's decisions, and in the interests of Metsäliitto Cooperative. It also supervises the implementation of the Representative Council's decisions and elects Metsäliitto Cooperative's Board of Directors.

Chair		Deputy Chair	
<b>Paajanen Juha</b>	Farming and Forestry entrepreneur	Savonlinna	<b>Siponen Ahti</b> Master of Social Sciences Kiuruvesi
<b>Jäsenet</b>			
<b>Airaksinen Seppo</b>	Forestry entrepreneur	Vantaa	<b>Miettinen Petri</b> Agricultural entrepreneur Juva
<b>Alatalo Matti</b>	Farmer	Soini	<b>Mikkonen Eeva</b> Sales Person Raakkylä
<b>Haikkonen Aila</b>	Master of Science, Agricultural entrepreneur	Pori	<b>Moilanen Jussi</b> Entrepreneur Suomussalmi
<b>Haukilahti Tapani</b>	Farmer	Veteli	<b>Mulari Keijo</b> Rural entrepreneur Suomussalmi
<b>Hiekka Matti</b>	Farmer, Entrepreneur	Ikaalinen	<b>Mäkinen Laura</b> Engineer Petäjävesi
<b>Kiviranta Esko</b>	Farmer, Master in Law	Sauvo	<b>Niemelä Henry</b> Farmer Lapua
<b>Kontinen Kati</b>	Licentiate of Science (Agriculture and Forestry)	Mikkeli	<b>Rousu Simo</b> Forest entrepreneur Ylitornio
<b>Laatikainen Markus</b>	Executive Manager	Posio	<b>Saaristo Stefan</b> Agrologist Maalathi
<b>Laineenoja Jari</b>	Agronomist	Huittinen	<b>Sarvijärvi Janne</b> Agricultural entrepreneur Ylöjärvi
<b>Laitinen Pirkko</b>	Agronomist	Utajärvi	<b>Savolainen Jyrki</b> Farmer Laukaa
<b>Lalli Jarmo</b>	Rural entrepreneur	Pöytyä	<b>Turtiainen Matti</b> M.Sc. (Agriculture and Forestry), Farmer Savonlinna
<b>Lauttia Petri</b>	Farmer	Renko	<b>Uusitalo Ilkka</b> Farmer Salo
<b>Lilandt Anders</b>	Farmer	Kristiinankaupunki	<b>Virnala Jukka</b> Entrepreneur Kurikka
<b>Lukkarinen Jouni</b>	Agricultural entrepreneur	Pielavesi	<b>Wasström Anders</b> Farmer Raasepori

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# Metsäliitto Cooperative's Board of Directors

The Annual General Meeting 2024 elected the following persons as members of the Board of Directors:



**JUSSI LINNARANTA**

b. 1972  
male  
M.Sc (Agriculture and Forestry)  
Agronomist

Member of the Board since 2017, Chair of the Board since 2020

**Primary working experience:**

**Forest and agricultural entrepreneur** (2001–)  
**Thermal entrepreneur** (2003–2023)  
**Ministry of Agriculture and Forestry**, Information and Research Centre, various positions (1997–2007)

**Other positions of trust:**

**Metsäliitto Cooperative**, Member of the Supervisory Board (2004–2016), Member of the Board (2017–), Vice Chair of the Board (2019), Chair of the Board (2020–)  
**Metsä Board Corporation**, Member of the Board (2017–), Vice Chair of the Board (2020–)  
**Pellervo Coop Center**, Member of the Board (2020–)  
**Pohjois-Savo Cooperative bank**, Member of the representative Council (2014–2017)  
**The Central Union of Agricultural Producers and Forest Owners** (MTK), Member of the Energy Committee (2007–2008, 2014–2016)

Participation (own, under common ownership and by controlled corporations) in Metsäliitto Cooperative on 31 December 2024: EUR 370,562

Shares (own and by controlled corporations) in Metsä Board Corporation on 31 December 2024: 42,251 (B-share)



**MIKKO MÄKIMATTILA**

b. 1971  
male  
M.Sc (Agriculture and Forestry)  
Agronomist

Member of the Board since 2020, Vice Chair of the Board since 2023

**Primary working experience:**

**Forest and agricultural entrepreneur** (1994–)  
**RockRobot Oy**, CEO (2021–)  
**Dometal Oy**, CEO, partner (2011–2021)  
**Multiva Magyarország Kft.**, CEO of the Hungarian subsidiary (2013–2021)  
**Potila Tuotanto Oy**, CEO (2017–2020)  
**Farmit Website Oy**, CEO (2005–2010)  
**Lännen Tehtaat Oyj**, Development manager (2003–2005)  
**Suomen Gallup Elintarviketieto Oy**, Research manager (2001–2003)  
**Pellervon taloudellinen tutkimuslaitos**, Researcher (1998–2001)

**Other positions of trust:**

**Metsä Board Corporation**, Member of the Board (2023–)  
**Pellervo Coop Center**, Member of the Delegation (2023–)  
**LähiTapiola Loimi-Häme Regional Mutual Insurance Company**, Member of the Board (2008–2022)  
**LocalTapiola General Mutual Insurance Company**, Member of the Supervisory Board (2014–2023)  
**Dometal Oy**, Member of the Board (2012–2021)  
**Potila Tuotanto Oy**, Member of the Board (2013–2020)  
**Lähivakuutus Cooperative**, Member of the Supervisory Board (2011–2014)  
**Forestry Management Association Loimijoki**, Member of the Delegation (2005–2019)

Participation (own, under common ownership and by controlled corporations) in Metsäliitto Cooperative on 31 December 2024: EUR 166,497

Shares (own and by controlled corporations) in Metsä Board Corporation on 31 December 2024: 9,813 (B-share)



**TEUVO HATVA**

b. 1968  
male  
M.SC (Admin.)

Member of the Board since 2024

**Primary working experience:**

**Forest and agricultural entrepreneur** (1988–)  
**The Kajaani City Board**, Chair (2017–)  
**Fisheries Local Action Group Kainuu and Koillismaa**, Adviser (2008–2013)  
**ProAgria Oulu**, Business adviser (2005–2008)

**Other positions of trust:**

**Council of Europe**, Member of the Chamber of Regions (2021–), Vice-president of the Governance Committee (2021–2023), Member of the Governance Committee (2023–)  
**Centre Party**, Chair of the Kainuu district (2020–2022)  
**Metsäliitto Cooperative**, Member of the Supervisory Board (2008–2023)  
**Kainuu Cooperative bank**, Member of the Board (2012–2020)  
**Kainuu Forestry Association**, Member of the Board (2008–2010)  
**Metsäliitto Cooperative**, Member of the Representative Council (2003–2007)

Participation (own, under common ownership and by controlled corporations) in Metsäliitto Cooperative on 31 December 2024: 144,458 euroa

Shares (own and by controlled corporations) in Metsä Board Corporation on 31 December 2024: 4,666 (B-share)



**TAAVI HEIKKILÄ**

b. 1962  
male  
M.Sc. (Econ)  
Vuorineuvos (Finnish honorary title)

Member of the Board since 2021

**Primary working experience:**

**Boardman**, partner (2020–)  
**Aalto University School of Business**, Executive in Residence (2021–)  
**Trailmaker Oy**, Senior Advisor (2021–)  
**Evolv Oy**, Advisor (2020–)  
**SOK Corporation**, CEO and Chair of the Board (2014–2020)  
**Osuuskauppa Hämeenmaa**, CEO, Chair of the Board (2004–2013)  
**SOK Corporation**, Director of Development, Member of the Management of SOK (2000–2004)  
**Intrade Partners Oy**, CEO (1997–2000)  
**SOK Corporation**, CFO (1994–1997)  
**SOK Corporation**, various tasks (1987–1994)

**Other positions of trust:**

**SOK Board of Directors**, Chair (2014–2020), Member (2007–2011), Vice Chair (2008–2011)  
**SOK Liiketoiminta Oy**, Chair of the Board (2014–2020)  
**Sokotel Oy**, Chair of the Board (2014–2020)  
**Finnish Commerce Federation**, Member of the Board and Board's Working committee (2014–2020), Chair of the Board and Board's Working committee (2016–2017)  
**Confederation of Finnish Industries**, Member of the Board and Executive committee (2015–2019), Vice Chair of the Board (2015)  
**Finnish Chambers of Commerce**, Member of the Board (2015–2019)  
**ICC Finland**, Member of the Board (2015–2019)  
**Pellervo Coop Center**, Member of the Board (2017–2021)

Participation (own, under common ownership and by controlled corporations) in Metsäliitto Cooperative on 31 December 2024: 7,144 euros

Shares (own and by controlled corporations) in Metsä Board Corporation on 31 December 2024: 3,000 (B-share)

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**PÄIVI LINDQVIST**

b. 1970  
female  
M.Sc (Econ)

Member of the Board since 2025

**Primary working experience:**

**Glaston Oyj**, CFO (2016–)  
**Basware Oyj**, Vice President, Business Control (2014–2016)  
**Outokumpu Oyj**, Divisional CFO for Stainless Coil EMEA (2012–2013), Senior Vice President, Communications and Investor Relations (2007–2011)  
**TietoEnator** (current Tietoevry), various positions (1997–2007)

**Other positions of trust:**

**Etteplan Oyj**, Member of the Board of Directors and the Audit Committee (2020–), Chair of the Audit Committee (2022–)  
**Nordic Lights Group Oyj**, Member of the Board of Directors (2022–2023)

Participation (own, under common ownership and by controlled corporations) in Metsäliitto Cooperative on 31 December 2024: EUR 0

Shares (own and by controlled corporations) in Metsä Board Corporation on 31 December 2024: 5,000 (B-share)



**EIJA PITKÄNEN**

b. 1961  
female  
M.Sc. (Food microbiology)

Member of the Board since 2023

**Primary working experience:**

**Telia Finland Oyj**, Head of Sustainability (2014–2024)  
**Teliasonera AB**, Vice President, Head of Group Sustainability (2011–2014)  
**Stora Enso Oyj**, Senior Vice President, Sustainability (2002–2011)  
**Danisco A/S**, Vice President, Head of Sustainable Development (1999–2002)  
**Cultor Ltd.**, Vice President, Environment (1997–1999)

**Other positions of trust:**

**Vestas Wind Systems A/S**, Member of the Board of Directors (2012–2019)  
**Suomen Pakolaisapu ry**, Member of the Board of Directors (2016–2021)

Participation (own, under common ownership and by controlled corporations) in Metsäliitto Cooperative on 31 December 2024: EUR 277

Shares (own and by controlled corporations) in Metsä Board Corporation on 31 December 2024: 1,300 (B-share)



**ILKKA SALONEN**

b. 1965  
male  
M.Sc (Econ)

Member of the Board since 2018

**Primary working experience:**

**YIT Corporation**, CFO, Deputy to the President and CEO (2018–2021)  
**Lemminkäinen Corporation**, CFO (2014–2018)  
**Forest BtL Oy**, Director and Advisor to the Board of Directors (2013–2014)  
**Neste Oil Corporation**, Chief Financial Officer (2009–2012)  
**Pohjola Bank plc**, Chief Financial Officer (2006–2008)  
**Pohjola Group Ltd**, Chief Financial Officer (2003–2005)  
**Comptel Corporation**, various management positions (2000–2003)  
**Svenska Handelsbanken AB (publ)**, Branch Operation in Finland, Analyst (1997–2000)  
**Postipankki Ltd**, Analyst (1994–1997)

**Other positions of trust:**

**Betolari Oyj**, Member of the Board (2022–), Chair of the Board (2023–)  
**Antilooppi GP Oy**, Chair of the Board (2023–)  
**Nordea Mortgage Bank Plc**, Member of the Board and Chair of the Audit Committee (2022–)  
**NADMED Oy**, Member of the Board and Vice Chairman of the Board (2022–)  
**Parmaco Oy**, Member of the Board (2013–2018)  
**Governia Oy**, Member of the Board (2014–2018)

Participation (own, under common ownership and by controlled corporations) in Metsäliitto Cooperative on 31 December 2024: EUR 143,094

Shares (own and by controlled corporations) in Metsä Board Corporation on 31 December 2024: no ownership



**JUSSI VANHANEN**

b. 1971  
male  
MBA, LL.M.

Member of the Board since 2022

**Primary working experience:**

**Vexve Armaturey Group Oy**, CEO, co-investor (2019–2024)  
**Vexve Oy**, CEO, co-investor (2017–2024)  
**Mondi Group Plc**, CEO, Fibre Packaging (2014–2017)  
**The Boston Consulting Group (BCG)**, Senior Advisor (2013–2014)  
**UPM-Kymmene Corporation**, various management positions (1999–2013)

**Other positions of trust:**

**Boreo Plc**, Member of the Board (2024–)  
**Technology Industries of Finland**, Member of Pirkanmaa Regional board (2020–2023)  
**Logistikas Oy**, Chair of the Board (2021–2022)  
**Peikko Group Oyj**, Member of the Board (2011–2013), Chair (2014–2020)  
**WWF, Finland**, Member of the Supervisory Board (2010–2016)

Participation (own, under common ownership and by controlled corporations) in Metsäliitto Cooperative on 31 December 2024: EUR 8,564

Shares (own and by controlled corporations) in Metsä Board Corporation on 31 December 2024: 4,000 (B-share)

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# Metsä Group Executive Management Team

Members of the company's executive management team:



**ILKKA HÄMÄLÄ**  
b. 1961  
male  
M.Sc (Engineering)  
Vuorineuvos (Finnish honorary title)  
President and CEO, Metsä Group  
CEO, Metsäliitto Cooperative

Member of the Executive Management Team since 2008

**Primary working experience:**  
**Metsä Group**, President and CEO (2018–)  
**Metsäliitto Cooperative**, CEO (2018–)  
**Metsä Fibre Oy**, CEO (2008–2017)  
**Oy Metsä-Botnia Ab** (now Metsä Fibre Oy), previously various management positions (1988–2008)

**Other positions of trust:**  
**Metsä Board Corporation**, Chair of the Board (2018–)  
**Metsä Fibre Oy**, Chair of the Board (2018–)  
**Metsä Spring Oy**, Chair of the Board (2018–)  
**Metsä Tissue Corporation**, Chair of the Board (2018–)

**The Finnish National Theatre**, Member of the Board (2024–)  
**Finnish-Swedish Chamber of Commerce**, Member of the Council (2023–)  
**Confederation of European Paper Industries (CEPI)**, Member of the Board (2018–), Member of the Steering Committee (2020–)  
**Finnish Forest Industries Federation**, Member of the Board (2012–), Vice Chair of the Board and the Board's Working Committee (2021–), Member of the Election Committee (2018–)  
**Ilmarinen Mutual Pension Insurance Company**, Member of the Supervisory Board (2009–), Chair of the Supervisory Board (2021–)  
**Jyväskylän yliopiston varainhallintatoimikunta**, Member (2021–)  
**Finnish Chambers of Commerce**, Member of the Delegation (2018–)  
**Helsinki Region Chamber of Commerce**, Member of the Delegation (2018–)  
**Finnish Quality Association**, Member of the Board (2018–), Chair of the Board (2020–), Member of the Advisory Board (2008–)  
**Pohjolan Voima Oyj**, Deputy Member of the Board (2009–)  
**China Office of Finnish Industries Oy**, Member of the Board (2022–2024)  
**Finnish Business and Policy Forum EVA**, Member of the Board (2021–2024)  
**ETLA Economic Research**, Member of the Board (2021–2024)

Participation in Metsäliitto Cooperative on 31 December 2024:  
no ownership

Shares in Metsä Board Corporation on 31 December 2024:  
301,849 (B-share)




**JAAKKO ANTTILA**  
b. 1977  
male  
M.Sc (Engineering)  
EVP, Metsä Wood

Member of the Executive Management Team since 2022

**Primary working experience:**  
**Metsä Wood**, Executive Vice President (2022–)  
**Metsä Fibre Oy**, Senior Vice President, Pulp Production (2019–2022)  
**Metsä Fibre Oy**, Vice President, Sales Operations (2018–2019)  
**Metsä Fibre Oy**, Vice President, Joutseno pulp mill (2014–2018)  
**Metsä Fibre Oy**, Sales Director (2011–2013)  
**LITEONMOBILE**, Director, Account Management (2010–2011)  
**LITEONMOBILE**, various positions in sales and project management (2003–2007)

Participation in Metsäliitto Cooperative on 31 December 2024:  
no ownership

Shares owned in Metsä Board Corporation on 31 December 2024:  
800 (B-share)



**MIKA JOUKIO**  
b. 1964  
male  
M.Sc (Technology), MBA  
CEO, Metsä Board Corporation


Member of the Executive Management Team since 2012

**Primary working experience:**  
**Metsä Board Corporation**, CEO (2014–)  
**Metsä Tissue Corporation**, CEO (2012–2014)  
**M-real Corporation** (now Metsä Board Corporation), Head of Consumer Packaging (2006–2012)  
**Metsä-Seria Corporation and M-real Corporation** (now Metsä Board Corporation), various positions in management (1990–2005)

**Other positions of trust:**  
**Metsä Fibre Oy**, Member of the Board (2014–)  
**Varma Mutual Pension Insurance Company**, Member of the Supervisory Board (2019 – )  
**Husum Pulp AB**, Chair of the Board (2021–)  
**Finnish Forest Industries Federation**, Chair of the Trade Policy Committee (2022–)  
**Atria Plc**, Member of the Board (2022–)

Participation in Metsäliitto Cooperative on 31 December 2024:  
EUR 233,035

Shares in Metsä Board Corporation on 31 December 2024:  
377,846 (B-share)



**JUHA JUMPPANEN**  
b. 1977  
male  
M.Sc (Agriculture and Forestry)  
EVP, Metsä Forest

Member of the Executive Management Team since 2022

**Primary working experience:**  
**Metsä Forest**, Executive Vice President (2021–)  
**Metsä Forest**, Senior Vice President, wood trade and forest services (2019–2021)  
**Metsä Forest**, Senior Vice President, member services (2010–2018)  
**Metsäliitto Osuuskunta** and **Metsämannut Oy**, various positions (2000–2010)

**Other positions of trust:**  
**Metsäteollisuus ry**, Member of the Forest Committee (2022–)  
**Suomen Metsäsäätiö**, Member of the Board (2020–), Chair of the Board (2023–)  
**Pellervo economic research PTT**, Member of the Board (2023–)  
**Suomen Puukauppa Oy**, Member of the Board (2021–2022)  
**Pellervo-instituutti**, Member of the Board (2011–2017)

Participation in Metsäliitto Cooperative on 31 December 2024:  
EUR 3,979

Shares owned in Metsä Board Corporation on 31 December 2024:  
14,465 (B-share)



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**ESA KAIKKONEN**

b. 1969  
male  
LL.M, trained on the bench  
CEO, Metsä Tissue Corporation

Member of the Executive Management Team since 2008

**Primary working experience:**

**Metsä Tissue Corporation**, CEO (2018–)  
**Metsä Wood**, Executive Vice President (2013–2018)  
**Metsä Group**, Executive Vice President, Strategy (2017–2018)  
**Metsä Group**, General Counsel (2003–2013)  
**Metsäliitto Group** (now, Metsä Group), Legal counsel (2000–2003)  
**Metsä-Serla Corporation**, (now Metsä Board Corporation), Legal counsel (1998–2000)

**Other positions of trust:**

**Metsä Greaseproof Papers Oy**, Chair of the Board (2021–)  
**Finnish Forest Industries Federation**, Member of the Board (2018–)  
**Metsä Spring Oy**, Member of the Board (2018–)  
**Metsä Fibre Oy**, Member of the Board (2017–)  
**Pohjolan Voima Oyj**, Member of the Board (2017–)  
**Teollisuuden Voima Oyj**, Member of the Board (2017–)  
**Maanpuolustuskurssiyhdistys ry**, Member of the Board (2020–)  
**Federation of the Finnish Woodworking Industries**, Chair of the Board (2015–2016), Member of the Board (2017–2018)

Participation in Metsäliitto Cooperative on 31 December 2024:  
no ownership

Shares owned in Metsä Board Corporation on 31 December 2024:  
49,078 (B-share)



**ISMO NOUSIAINEN**

b. 1966  
male  
M.Sc (Engineering)  
CEO, Metsä Fibre Oy

Member of the Executive Management Team since 2018

**Primary working experience:**

**Metsä Fibre Oy**, CEO (2018–)  
**Metsä Fibre Oy**, Senior Vice President, Production (2008–2017)  
**Oy Metsä-Botnia Ab** (now Metsä Fibre Oy), various management positions (2001–2007)  
**VTT Technical Research Centre of Finland Ltd**, various positions (1996–2001)  
**Finntech Finnish Technology Ltd Oy**, Researcher (1993–1996)

**Other positions of trust:**

**Mittaportti Oy**, Chair of the Board (2008–2014)  
**Botnia Mill Service Oy**, Member of the Board (2007–2017)

Participation in Metsäliitto Cooperative on 31 December 2024:  
no ownership

Shares owned in Metsä Board Corporation on 31 December 2024:  
40,075 (B-share)



**SARI PAJARI-SEDERHOLM**

b. 1968  
female  
M.Sc (Engineering)  
EVP, Strategy, Metsä Group

Member of the Executive Management Team since 2021

**Primary working experience:**

**Metsä Group**, Executive Vice President, Strategy (2021–)  
**Metsä Board Corporation**, Senior Vice President, Sales and Marketing (2017–2021)  
**Metsä Board Corporation**, Senior Vice President, Business Development (2011–2017)  
**Metsä Group**, CIO (2009–2011), Director (2007–2008)  
**IBM**, Business Development Executive (2002–2007)  
**PwC**, Senior Strategy Consultant (2000–2002)  
**Pöyry**, various positions (1990–2000)

**Other positions of trust:**

**Suominen Oyj**, Member of the Board (2019–2022)  
**Tieto Oyj**, Member of the Board (2012–2018)

Participation in Metsäliitto Cooperative on 31 December 2024:  
no ownership

Shares in Metsä Board Corporation on 31 December 2024:  
89,093 (B-share)



**VESA-PEKKA TAKALA**

b. 1966  
male  
M.Sc (Economy)  
CFO, Metsä Group  
Deputy Managing Director, Metsäliitto Cooperative

Member of the Executive Management Team since 2010

**Primary working experience:**

**Metsä Group**, Chief Financial Officer (2010–)  
**Metsäliitto Cooperative**, Deputy Managing Director (2017–)  
**Outotec Group**, Chief Financial Officer and Director of Finance (2006–2010), member of the management team, deputy to the CEO  
**Outokumpu Group**, Chief Financial Officer (2001–2006), Member of the management team (2005)  
**Outokumpu Group**, various management positions in the financial administration (1991–2001)

**Other positions of trust:**

**Metsä Group Treasury Oy**, Chair of the Board (2013–)  
**Metsä Spring Oy**, Member of the Board (2018–)  
**Metsä Tissue Corporation**, Member of the Board (2018–)  
**Metsä Fibre Oy**, Member of the Board (2021–)  
**Fortum Oyj**, Member of the Board (2023–), Member of the Audit and Risk Committee (2023–), Member of the Technology and Investment Committee (2023–2024)  
**Outokumpu Oyj**, Member of the Board (2019–2023), Chair of the Audit committee (2022–2023)

Participation in Metsäliitto Cooperative on 31 December 2024: EUR 66,934

Shares owned in Metsä Board Corporation on 31 December 2024:  
155,123 (B-share)

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# Remuneration

## Introduction

Metsä Group's remuneration aims to fairly support profitable growth and the increase of shareholder value in line with the company's values and interests. The key objective is to enable the achievement of the company's vision, as well as its strategic and operational targets. We aim to motivate excellent performance both in the short-term and long-term.

Remuneration in Metsä Group is based on the following principles:

- **Ensuring sustainable and responsible business operations**  
Our remuneration supports the achievement of Metsä Group's vision, strategic and operational goals, and sustainability targets. We encourage activities in line with our values and Metsä Group's interests – responsible profitability, reliability, renewal and cooperation.
- **Ensuring performance and profitable growth**  
With remuneration, we encourage excellent performance and results in both the short and long term. We remunerate our people for achieving and exceeding targets, for profitable growth and the increase of shareholder and stakeholder value.
- **Supporting competence development and renewal**  
With remuneration, we support competence development and the commitment of talent. We encourage continuous improvement, renewal and the creation of conditions needed for future success. In addition to monetary remuneration, we develop the personnel's competence and offer opportunities for career development. Our leadership is of a high quality and we encourage the personnel's participation.
- **Consistency, competitiveness and transparency**  
The remuneration is fair and based on clear principles and structures. We offer competitive overall remuneration. We communicate and report on remuneration transparently and according to with requirements.

### Compliance with the remuneration policy

In the 2024 financial period, the remuneration of the Supervisory Board, members of the Board of Directors, and the President and CEO was in line with the remuneration policy. No deviations were made from the remuneration policy.

As decided by the Representative Council, the remuneration of the Chair and Deputy Chair of the Supervisory Board in the 2024 financial period comprised monthly remuneration and meeting fees. In accordance with the Representative Council's decision, the remuneration of other members of the Supervisory Board in the 2024 financial period comprised meeting fees.

As decided by the Supervisory Board, the remuneration of the members of the Board of Directors in the 2024 financial period comprised monthly remuneration and meeting fees.

In the 2024 financial period, the remuneration of the President and CEO comprised a fixed base salary, fringe benefits, and performance-based short- and long-term incentives, as well as index increase fees related to the supplementary defined-benefit pension arrangement.

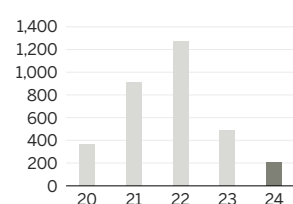
Clawback terms are in place for exceptional situations in both the short- and long-term incentive system. No incentives were recovered in the 2024 financial period.

### Short-term and long-term incentive systems

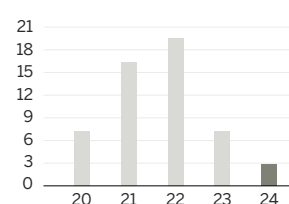
Metsä Group has a short-term incentive system with a review period of one calendar year, as well as a long-term incentive system with a performance period of three years and a restriction period of one to two years. The targets of the long-term incentive system, tied to return on capital employed, operating result and equity ratio, impact the long-term development of shareholder value. With the support of the incentive systems, the Board of Directors steers Metsä Group's operations over the short and long terms. Metsä Group's financial result has a direct impact on the President and CEO's remuneration through both the short- and long-term incentive systems.

### Metsä Group's financial development

**OPERATING RESULT, COMPARABLE**  
EUR million



**RETURN ON CAPITAL EMPLOYED, COMPARABLE**  
%



## Development of remuneration in 2020–2024

Over the last five years, the monthly remuneration of the Chair of the Supervisory Board has increased by approximately 10 per cent, and the monthly remuneration of the Deputy Chair of the Supervisory Board by approximately 11 per cent. In 2024, the monthly remuneration of the Chair was EUR 4,500, and that of the Deputy Chair was EUR 2,000. The meeting fee paid to the members of the Supervisory Board has increased by 25 per cent in the last five years. In 2024, the meeting fee paid to the members of the Supervisory Board was EUR 1,000. In 2025, the monthly remuneration and meeting fees will remain at the 2024 level.

In the last five years, the monthly remuneration paid to the Chair of the Board of Directors has been raised by four per cent. The monthly remuneration paid to the Deputy Chair has increased by 15 per cent, and that of the other Board members by 33 per cent in the last five years. The monthly remuneration of the Chair of the Board of Directors was last raised in 2022, and it is EUR 12,000. The monthly remuneration of the Deputy Chair of the Board of Directors was raised to EUR 6,000 in 2023. The monthly remuneration of other members of the Board of Directors was

raised to EUR 5,600 in 2023. The meeting fee paid to the members of the Board of Directors has increased by 25 per cent in the last five years. The meeting fee is EUR 1,000. In 2025, the monthly remuneration and meeting fees will remain at the 2024 level. The fees and remuneration for Board work correspond to general remuneration trends in companies belonging to Metsä Group's peer group.

In addition, separate monthly remuneration is paid to the chairs of the Board of Directors' Audit Committee and HR Committee, which was raised for 2022. The monthly remuneration of the Chair of the Audit Committee was raised from EUR 1,200 to EUR 1,300, and that of the Chair of the HR Committee from EUR 1,000 to EUR 1,100. Over the last five years, no other changes were made to the separate monthly remuneration of the chairs of the committees.

The total earnings of Metsä Group's President and CEO Ilkka Hämmälä have been strongly influenced by Metsä Group's success. The development of employees' average earnings has been moderate.

### DEVELOPMENT OF THE SUPERVISORY BOARD'S AND THE BOARD OF DIRECTORS' REMUNERATION, THE REMUNERATION OF THE PRESIDENT AND CEO, AND THE AVERAGE EARNINGS OF EMPLOYEES

(IN EUROS)	2024	2023	2022	2021	2020
<b>Chair of the Supervisory Board</b> Juha Paajanen, as of 4 May 2017	78,600	78,100	71,600	77,600	78,300
<b>Deputy Chair of the Supervisory Board</b> Ahti Siponen, as of 4 May 2017	36,500	39,300	33,200	33,600	33,600
<b>Other members of the Supervisory Board</b> (in total)	163,000	186,500	152,800	191,600	146,800
<b>Chair of the Board of Directors</b> Jussi Linnaranta, as of 1 January 2020	168,000	167,700	166,554	170,840	163,940
<b>Vice Chair of the Board of Directors</b> Mikko Mäkimattila, as of 1 January 2023 Timo Saukkonen 1 January 2020–31 December 2022	91,100	91,600	82,400	83,200	83,800
<b>Other members of the Board of Directors</b> (on average)	89,417	88,583	74,867	69,967	72,167
<b>President and CEO</b> <sup>1)</sup> Ilkka Hämmälä, as of 1 April 2018	3,613,185	1,649,222	2,976,557	2,695,238	2,289,521
<b>Average earnings of employees</b> <sup>2)</sup>	48,873	48,060	51,218	48,101	44,305
<b>Ratio of highest annual earnings to median earnings</b> <sup>3)</sup>	66	45	-	-	-

<sup>1)</sup> The President and CEO's remuneration details include the salaries and rewards paid for the year in question. The figures shown in the table do not include paid supplementary pension contributions.

<sup>2)</sup> The average earnings of employees have been calculated from the employee costs of the entire Group by deducting social security costs from the total and dividing the remainder by the average number of employees.

<sup>3)</sup> The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual). Comparison figure is not available for years 2020–2022.

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## Remuneration of the Supervisory Board

### REMUNERATION PAID TO THE SUPERVISORY BOARD AND THE COSTS OF THE SUPERVISORY BOARD MEMBERS' PENSION ARRANGEMENTS IN 2024 (IN EUROS)

	Monthly remuneration	Meeting fees <sup>1)</sup>	Pension benefit <sup>2)</sup>	Total
<b>Juha Paajanen</b> Chair	54,000	24,600	12,686	91,286
<b>Ahti Siponen</b> Deputy Chair	24,000	12,500	5,891	42,391
<b>Other members</b> (in total)	-	163,000	-	163,000
<b>Total</b>	78,000	200,100	18,577	296,677

<sup>1)</sup> The meeting fees also include meeting fees paid for attending meetings of the Board of Directors as well as district councils and other committees.  
<sup>2)</sup> Voluntary TyEL pension insurance has been taken out for the Chair and Deputy Chair of the Supervisory Board.

## Remuneration of the Board of Directors

### REMUNERATION PAID TO THE BOARD OF DIRECTORS AND THE COSTS OF THE BOARD MEMBERS' PENSION ARRANGEMENTS IN 2024 (IN EUROS)

Member of the Board	Monthly remuneration	Meeting fees <sup>1)</sup>	Pension benefit <sup>2)</sup>	Total
<b>Linnaranta Jussi</b> Chair <sup>3)</sup>	144,000	24,000	29,635	197,635
<b>Mäkimattila Mikko</b> Vice chair <sup>3)</sup>	72,000	19,100	15,950	107,050
<b>Hatva Teuvo</b> , as of 1 January 2024	67,200	16,000	13,428	96,628
<b>Heikkilä Taavi</b>	80,400 <sup>4)</sup>	17,100	15,737	113,237
<b>Pitkänen Eija</b>	67,200	18,100	14,612	99,912
<b>Pärssinen Nina</b>	67,200	18,000	14,581	99,781
<b>Salonen Ilkka</b>	82,800 <sup>5)</sup>	18,300	16,318	117,418
<b>Vanhanen Jussi</b>	67,200	17,000	14,853	99,053
<b>Total</b>	<b>648,000</b>	<b>147,600</b>	<b>135,113</b>	<b>930,713</b>
<b>Former members of the Board of Directors</b>				
Parpala Juha until 31 December 2023	-	800	129	929

<sup>1)</sup> The meeting fees of the Board of Directors also include the meeting fees of committees and district councils.  
<sup>2)</sup> Voluntary TyEL pension insurance has been taken out for the members of the Board of Directors.  
<sup>3)</sup> The remuneration paid for board work in Metsä Board Corporation is disclosed in Metsä Board Corporation's remuneration report.  
<sup>4)</sup> Includes the monthly remuneration paid to the Chair of the HR Committee.  
<sup>5)</sup> Includes the monthly remuneration paid to the Chair of the Audit Committee.

## Remuneration of the President and CEO

### THE SALARIES AND INCENTIVES PAID TO THE PRESIDENT AND CEO, AND THE COSTS OF THE SUPPLEMENTARY PENSION ARRANGEMENT IN 2024 (IN EUROS)

	2024
Base salary, including fringe benefits <sup>1)</sup>	895,444
Incentives paid by other Group companies	137,942
Short-term incentive <sup>2) 3)</sup>	200,595
Long-term incentive <sup>2) 4)</sup>	2,379,205
<b>Total</b>	<b>3,613,185</b>
Supplementary defined-benefit pension insurance index increase fees	498,905

<sup>1)</sup> The base salary paid by Metsäliitto Cooperative, which includes a company housing, car and phone benefit, extended healthcare, travel and accident insurance, as well as other minor fringe benefits.  
<sup>2)</sup> The incentive paid is accrued in the financial statements over the vesting period.  
<sup>3)</sup> The short-term incentive paid concerns performance in 2023.  
<sup>4)</sup> The long-term incentive paid applies to period 2020–2022.

The maximum level of remuneration available in the short-term incentive system in 2024 was, accounting for Metsä Group's EBIT multiplier, 93.75 per cent of the fixed annual salary. In 2024, the President and CEO's short-term reward was EUR 0, as the short-term incentive system's performance indicator (Metsä Group's EBIT) did not exceed the threshold. In 2024, the President and CEO's sustainability targets focused on the climate, the survey of CO2 emissions capture and the Metsä Group Plus service. The President and CEO's other business targets included strategic programmes improving the mills' environmental and climate performance by improving resource efficiency and promoting the transition to fossil-free fuels.

The 2023 short-term incentive system was based on the same principles as in 2024. The President and CEO's short-term incentive was EUR 200,595. The incentive was paid in March 2024.

### THE PRESIDENT AND CEO'S SHORT-TERM INCENTIVE TARGETS AND INCENTIVES FOR 2023 AND 2024

President and CEO's incentive targets	Weight, %	Actual in euros, taking the MG EBIT multiplier into account <sup>2)</sup>	
		Actual %, before the MG EBIT multiplier <sup>1)</sup>	Actual in euros, taking the MG EBIT multiplier into account <sup>2)</sup>
<b>2024</b>			
Sustainability targets	7		
Financial targets	5	55	0
Other business targets	38		
EBIT target	50		
<b>Total</b>	<b>100</b>		
<b>2023</b>			
Sustainability targets	6		
Financial targets	20	80	200,595
Other business targets	24		
EBIT target	50		
<b>Total</b>	<b>100</b>		

<sup>1)</sup> The targets are assessed on a scale of 0–200, where 100% means that target is reached.  
<sup>2)</sup> The remuneration, taking Metsä Group's EBIT multiplier into account. For 2024, no performance bonus was paid as the incentive system's threshold value was not reached. In 2023, the actual EBIT multiplier was 0.82.

In 2019, Metsäliitto Cooperative's Board of Directors decided on a long-term performance-based incentive system using synthetic shares for 2020–2024. The system consists of three performance periods of three years each. Each performance period is followed by a restriction period of approximately one year. The reward will be paid fully in cash after the end of the restriction period. The amount of the reward is limited. The President and CEO's maximum reward is 250 per cent of their fixed annual base salary (a cut-off level of 325 per cent of the fixed annual base salary).

Any rewards in Metsä Group's long-term incentive system based on synthetic shares, which has been in force since 2020, will be paid after the

restriction period. Therefore, no rewards were paid from Metsä Group's long-term incentive system in 2023. The first payment from the incentive system based on synthetic shares was made in 2024 for the 2020–2022 performance period.

In 2022, Metsäliitto Cooperative's Board of Directors decided on a new long-term performance-based incentive system using synthetic shares for 2023–2027. The system is based on the same principles as the 2020–2024 long-term incentive system, and the President and CEO's reward level has not changed.

### PERFORMANCE PERIODS OF THE LONG-TERM PERFORMANCE-BASED INCENTIVE SYSTEMS AND INCENTIVES PAID TO THE PRESIDENT AND CEO

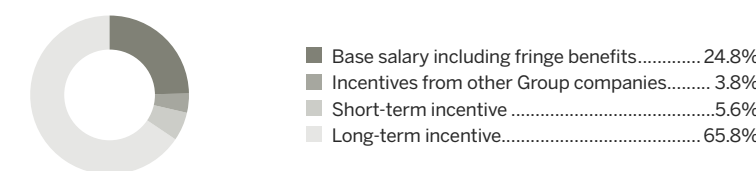
Performance period	Year of payment	Criteria, %	Weight, %	Actual, %	Reward paid to president and CEO, euros
2020–2022	2024	Roce <sup>1)</sup>	100	100	2,379,205
2021–2023	2025			100	1,777,051 <sup>2)</sup>
2022–2024	2026			60	
2023–2025	2027			Not yet known	
2024–2026	2028			Not yet known	

<sup>1)</sup> Metsä Group's three-year average ROCE. Furthermore, minimum values have been set for the equity ratio and operating result.  
<sup>2)</sup> The reward will be paid in March 2025.

The variable pay (short- and long-term incentives) constitutes a significant part of the President and CEO's remuneration. The relative portions of variable pay and the fixed annual base salary are shown in the graph right.

The President and CEO's retirement age is determined in accordance with the Employees Pensions Act. The President and CEO has also been covered by a supplementary defined benefit pension insurance, and he reached the retirement age of 62 years defined in the supplementary pension arrangement in 2023. Insurance premiums contributing to the supplementary pension are therefore no longer paid to the supplementary pension arrangement. After the retirement age, the supplementary pension arrangement may incur index increase fees. In 2024, the index increase fee was EUR 498,905. No other significant financial benefits were paid to the President and CEO in 2024.

### THE BREAKDOWN OF THE PRESIDENT AND CEO'S REMUNERATION INTO FIXED BASE SALARY, INCENTIVES PAID BY OTHER GROUP COMPANIES, SHORT-TERM INCENTIVE AND LONG-TERM INCENTIVE IN 2024



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# Financial reporting

Metsä Group does not comment on the Group's financial performance or similar matters during the silent period from the end of each reporting period until the publication of the period's financial report, apart from substantial changes in market conditions or to rectify incorrect information.

**Financial information**

The financial reports and annual reports are published in pdf format in Finnish and English on [metsagroup.com/investors/financialinformation/financial-reporting](https://metsagroup.com/investors/financialinformation/financial-reporting).

Stock exchange releases, press releases, interim reports and financial statements are updated on Metsä Group's website in real time. In addition, the website presents the Group's products, customers, sales network, environmental matters and organisation. You can provide

feedback on the website. Metsä Group's general email address is [communications@metsagroup.com](mailto:communications@metsagroup.com).

Metsä Group aims to offer company-related information that is up to date and easy to utilise on a regular and open basis. The company aims to provide reliable and truthful information on its operations, financial position and short-term outlook. All investors are treated equally.

Metsä Group publishes its financial reports in 2025 as follows:

Metsä Group publishes its financial reports in 2025 as follows:

Silent period	Financial report	Publishing date
1.1.–6.2.2025	Financial Statements Bulletin for the year 2024	6 February 2025
1.4.–29.4.2025	Interim Report for January–March 2024	29 April 2025
1.–31.7.2025	Half-Year Financial Report for January–June 2024	31 July 2025
1.–23.10.2025	Interim Report for January–September 2024	23 October 2025

**Metsä Group's** annual reporting includes three parts: Metsä Group's Annual Review, Metsä Board's Annual Review and Sustainability Review. Annual reviews are available in Finnish and in English, sustainability review in English.

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Metsä Group Annual Review 2024



Metsä Board Annual Review 2024



Metsä Board Sustainability Review 2024



# Growth, with a future

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