



UK MODERN SLAVERY ACT TRANSPARENCY STATEMENT

This statement, made in accordance with the section 54 of Modern Slavery Act 2015, outlines the steps Metsä Group has taken during the financial year 2017 to ensure that slavery and human trafficking is not taking place in any part of our own business or in our supply chain. Slavery, forced or compulsory labour, child labour, servitude and human trafficking (Modern Slavery) are global and growing issues for which no industry is immune to. Metsä Group is committed to social and environmental responsibility and has zero tolerance towards any form of Modern Slavery. The concrete actions taken to ensure that we live up to this commitment should be viewed in the light of our larger efforts to encourage supply chain transparency, accountability and sustainability.

Our Business

Metsä Group is a forerunner in sustainable bioeconomy utilising renewable wood from sustainably managed northern forests. Our business operations cover the entire value chain for wood. Metsä Group focuses on wood supply and forestry services (Metsä Forest), wood products (Metsä Wood), pulp and sawn timber (Metsä Fibre), fresh fibre paperboards (Metsä Board) and tissue and cooking papers (Metsä Tissue).

Metsäliitto Cooperative is the parent company of Metsä Group. It is owned by approximately 104,000 Finnish forest owners. In addition to the parent company, Metsä Group consist of Metsäliitto Cooperative's two businesses Metsä Wood and Metsä Forest, and its subsidiaries Metsä Tissue, Metsä Board and Metsä Fibre. Metsä Group

operates internationally in some 30 countries and has manufacturing facilities in seven countries in Europe, including the UK. Metsä Group's sales totaled EUR 5.0 billion in 2017 and it employs approximately 9,100 people.

Our Operations in the UK

In the UK, Metsä Group's companies sell tissue products, cooking papers, paperboard, pulp and timber products originating from our European manufacturing sites. Wood is the main raw material used in our production. In order to ensure that all the wood used for manufacturing purposes originates from sustainable sources and suppliers, all of our production sites are third party chain of custody certified (PEFC and/or FSC). This ensures full traceability of our main raw material, wood. These forest certification schemes also have strict requirements for labour conditions.

In addition to products manufactured by Metsä Group, Metsä Wood UK also sells timber and timber products sourced from Europe, Asia and South America. Metsä Wood UK ensures transparency of its supply chain from all its direct suppliers through third party verified PEFC™ and FSC® chain of custody systems.

Code of Conduct and Sustainability Principles - Our Own Operations and the Supply Chain

Metsä Group is committed to respecting internationally recognised human rights and continuously develops its

operations in alignment with the UN Guiding Principles on Business and Human Rights (UNGP). Metsä Group's Code of Conduct sets minimum requirements for the behaviour of our employees and Metsä Group as an organisation. Respect for human rights is included also in Metsä Group's Sustainability Principles.

Metsä Group's Code of Conduct for Suppliers provides common ethical guidance for our suppliers. The Code of Conduct for Suppliers sets the minimum requirements for our suppliers in terms of compliance with applicable legislation, ethical business and sustainability. Further, our Code of Conduct for Suppliers emphasises the respect for human rights as well as actions against corruption and bribery. We expect all of our suppliers to commit to the Metsä Group Code of Conduct for Suppliers. As of October 2015, our Code of Conduct for Suppliers has been strengthened to include a prohibition of Modern Slavery.

Since 2003, Metsä Group has been a signatory to the UN Global Compact corporate responsibility initiative and its ten principles in the areas of human rights, labour, environment and anti-corruption. Metsä Group's Sustainability Principles are based on these widely accepted guidelines. We also acknowledge the UN Sustainable Development Goals (SDGs) and work to develop our operations in close link to them. We report annually our progress in this area in Metsä Group's Sustainability Report.

Processes and Actions to Prevent Modern Slavery

We continuously assess and aim to develop our methods of detecting human rights impacts in our own operations and in our supply chain. Metsä Group is committed to investigate and to apply appropriate remedial actions with respect to any suspected Modern Slavery related violation.

In 2017, we initiated a human rights impact assessment process to deepen our understanding of the actual and potential human rights impacts resulting from our operations. Based on the results, we continue developing our operations and processes further in order to be able to prevent more efficiently any adverse impacts on human rights resulting from our operations.

Metsä Group continuously develops its supplier selection, performance and auditing processes. Our target is to have all suppliers committed to Metsä Group Code of Conduct for Suppliers criteria and to ensure that any sub-suppliers commit to the same. By the end of 2017, 82% of our total spend on purchases was covered by the Metsä Group

Code of Conduct for Suppliers and it was included in 921 new supplier contracts made during 2017.

Our logistics chain has been identified as an area where raised attention needs to be paid to manage Modern Slavery risk exposure. In order to gain deeper insight into our main logistic flows, including Modern Slavery risk mitigation, we set a target to ensure the sustainability of all of our main logistics flows by the end of 2017. As part of this large-scale project, we sent a self-assessment sustainability questionnaire to all our significant logistic suppliers. The questionnaire was based on the Metsä Group Code of Conduct for Suppliers and also other criteria considered important when assessing the sustainability performance of a company. The answers were evaluated against these criteria and suppliers were given a feedback summary on their performance. By the end of 2017 all invited 481 suppliers were evaluated and they all fulfilled the required criteria. To manage our Modern Slavery risk exposure also in the future, we will continue assessing our suppliers.

We understand that Modern Slavery risk is not static and that further risk mitigation activities as well as training are required in the years ahead. In addition to this annually published statement, further information will be available in Metsä Group's Sustainability Report.

This statement has been approved by the Board of Directors of Metsäliitto Cooperative, the parent company of Metsä Group, and constitutes the Modern Slavery Act Transparency Statement for the relevant group companies.



Ilkka Härmälä
President and CEO
Metsä Group

Make the most of Metsä

