Carbon Reduction Plan

Supplier name: Metsä Tissue

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Commitment to achieving Net Zero

Fulfilling the requirements of: Net zero PPN 06/21: Carbon Reduction Plans in the procurement of major government contracts in UK

Metsä Tissue is committed to achieving Net Zero emissions by 2050 in the UK, according to the requirements of the PPN 06/21 (Procurement Policy Note of the UK Government).

Metsä Tissue also fully supports the EU objective to reach climate neutrality by 2050.

With a strong commitment to our strategic sustainability 2030 targets, we are building a path to a climate neutral society and a more sustainable future.

In March 2023 Metsä Group committed to the regenerative forestry principles. Improving biodiversity makes the forests more vital and resilient also with respect to carbon sequestration.

Baseline Emissions Footprint

Baseline Year: 2018	
EMISSIONS	1000(tCO_2e)
Scope 1	227
Scope 2	447
Scope 3 (Included Sources)	*
Total Emissions	668

Current Emissions Reporting

Reporting Year: 2022	
EMISSIONS	1000(tCO_2e)
Scope 1	190
Scope 2	307
Scope 3 (Included Sources)	*
Total Emissions	497

Scope 3 Emissions reporting*

Metsä Group is currently in the process of calculating its scope 3 greenhouse gas emissions according to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard by Greenhouse Gas Protocol. To prioritize data collection efforts as per the reporting standard, the scope 3 screening was done in Q2 2023. The point of the scope 3 screening was to assess the significance of each of the 15 scope 3 categories in the total scope 3 emissions. This was done using a spend-based approach. In 2023, Metsä Group will calculate or estimate all categories that are applicable. The level of detail in the 2023 calculation depends on the significance of each category and availability of data.

Regarding the requested scope 3 categories, based on the screening results the calculation methods and schedule have been defined as shown below:

- Scope 3 category 4 - Upstream transportation and distribution: will be calculated in 2023 using the distance-based method.
- Scope 3 category 5 - Waste generated in operations: will be calculated in 2023 using the waste-type-specific method. Metsä Group has also introduced a new strategic 2030 target in February 2023 which aims at generating zero waste.
- Scope 3 category 6 - Business travel: will be estimated or calculated in 2023. The level of detail depends on data availability. In case there's no primary data available, the distance-based method may be used.
- Scope 3 category 7 - Employee commuting: will be estimated in 2023 using the average-data method.
- Scope 3 category 9 - Downstream transportation and distribution: will be estimated in 2023. Please note that product transport paid by Metsä Group belongs to scope 3 category 4 - Upstream transportation and distribution. In addition, Metsä Tissue has its own 2030 strategic sustainability target for efficient logistics, targeting to reduce carbon emissions from transport by 22% vs 2019.

Emissions reduction targets

Our 2030 targets

- We only use fossil free fuels and purchase fossil free electricity
- We only use fossil free raw materials and packaging materials
- We increase forest management
- We recommend continuous cover forestry in peatlands
- We increase the production of wood products that store carbon for a long time
- We reduce our transport emissions***
- We aim for a more energy efficient production
- We utilise all our process waste

Indicators

- 0 t fossil-based carbon dioxide emissions, Scope 1 and 2
- 100% fossil free raw materials and packaging materials
- +30% forest regeneration and young stand management*
- +50% forest fertilisation*
- +30% share of continuous cover forestry in peatland forests
- +30% amount of carbon stored in wood products**
- -22% transport emissions of products***
- -25% energy efficiency improvement****
- 0t of waste to landfills

* hectares, compared to 2018

** CO_2 equivalent compared to 2018

*** Metsä Tissue specific target, compared to 2019

**** Metsä Tissue specific target level, compared to 2018

Carbon Reduction Projects

Carbon Reduction Projects Delivered

The following key environmental management measures and projects have been completed or implemented since the 2018 baseline, along with several other smaller projects.

The carbon emission reduction achieved by these, and other similar, schemes equate to 171 tonnes CO2e, a 26% reduction against the 2018 baseline and the ongoing measures will be in effect when performing the contract.

Metsä Tissue's Mänttä mill phased out the usage of peat in energy production in 2021, which helped to create a significant reduction in the company's carbon dioxide emissions and made the Mänttä mill's emissions in 2021 approximately 50% lower than 5 years before, in 2017.

In January 2021 Metsä Tissue announced its plan to increase the efficiency of its fresh fibre tissue production in its Mänttä Mill in Finland, and the resulting investment into a renewed paper machine went into continuous production in September 2022. The upgrade was made, among other targets, to reduce the energy consumption per produced ton by around 15%, leading to lower carbon dioxide emissions.

Metsä Tissue also strives to reduce its Scope 3 emissions by limiting the emissions from transports. As an example of this activity, Metsä Tissue has started collaborations with local logistics partners in Finland in 2022 and Sweden in 2023 to gradually move its Lambi branded product transports towards less emitting and changed certain transport routes and trucks from diesel powered to ones running with biogas.

Regarding Scope 3 emissions Metsä Tissue also started in the beginning of 2020 a Sustainable Offering project, which aims at reducing CO2 emissions by, among other things, optimising product designs and increasing the share of recycled raw material in packaging.

As of July 2023, Metsä Tissue has become a shareholder of "Modellfabrik Papier in Düren", Germany. Founded in 2020, the Modellfabrik is a society for research and development for sustainable paper technologies that conducts basic research in the field of emission-free paper production. This makes Metsä Tissue a part of an inter-disciplinary research network of industry and academia in Germany, in addition to Finland, where Metsä Tissue is headquartered.

Metsä Tissue is reporting its sustainability and social responsibility to the Ecovadis platform and has been awarded the highest Platinum rating for its work since 2020. In addition, Metsä Tissue started disclosing its climate impacts in CDP (Carbon Dis-closure Project) for the first time in 2022.

Future Carbon Reduction Projects

In the future we hope to implement further measures such as:

In March 2023 Metsä Group committed to the regenerative forestry principles. (1) The aim is to improve the state of nature and comprehensively manage ecosystem services in order to have measurable and verifiable positive biodiversity impacts by 2030 at the latest*). Improving biodiversity makes the forests more vital and resilient also with respect to carbon sequestration.

(*) baseline year 2024

Metsä Tissue's strategy is focused on using fresh wood fibres as the main raw material for high-quality daily hygiene products. It was investigated by a third-party company in 2021 (AFRY), based on a sample of products across Metsä Tissue's mills, that the carbon footprint of a fresh fibre-based roll is on average 1/5 lower than that of a recycled fibre-based roll. (2) Thus, the fresh fibre-based strategy is a significant contributor to Metsä Tissue's carbon reduction plan. The first mill to be converted fully to fresh fibre production was Metsä Tissue's Zilina mill in Slovakia, which closed its deinking operations in the spring of 2023.

Metsä Tissue aims to phase out coal in energy production in its Kreuzau mill and has run trials with wood pellets during 2023. The transformation is planned to go into execution once the permitting and contractual processes are finalised.

Metsä Tissue is running a range of energy efficiency projects and activities across all of its mills to reach its strategic sustainability target of 25% improvement in energy efficiency by 2030. Similarly, several water efficiency projects are running in the tissue mills, the impact of which will benefit also energy consumption and consequently carbon reduction plan.

In February 2023, Metsä Tissue announced its investment decision regarding a mill expansion in Mariestad Sweden, investing significantly into fresh fibre based, local production. The mill renewal and expansion project will have a significant impact on the future efficiency of tissue production and will contribute to the reduction of carbon emissions per ton produced.

Metsä Tissue has made an announcement in 2021 on its plans to make a significant investment in a new tissue mill in the UK. The plan consists of 240 000 tons of tissue paper production capacity, built in several phases during the upcoming decade. The plans are part of the company's Future Mill programme to drive world class environmental performance in tissue production, and the new mill would also follow Metsä Tissue's target of running a fossil fuel free production by 2030.

(1) https://www.metsagroup.com/news-and-publications/news/2023/metsa-group-marks-a-historical-turning-point-with-the-adoption-of-regenerative-forestry-principles/
https://www.metsagroup.com/sustainability/forests-and-wood/regenerative-forestry/

(2) https://www.metsagroup.com/metsatissue/news-and-publications/news/2021/metsa-tissue-investigated-the-carbon-footprint-of-toilet-paper-high-quality-and-soft-tissue-paper-is-also-environmentally-friendly/

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol(1) corporate standard.

CO2 emissions are calculated for Scope 1 and Scope 2. Scope 1 CO2 emissions cover emissions from the production units. Direct emissions from the production of purchased heat and electricity together comprise Scope 2 emissions. Since 2020, Metsä Group started to calculate Scope 2 purchased electricity according to the GHG Protocol by using gross purchases. Scope 2 CO2 emission calculation consists of two methods. The market-based method uses electricity supplier-specific emission coefficients completed with the national residual mix emission coefficients for non-tracked purchased electricity. The location-based method uses the total supplier mix emission coefficients by country. Coefficients for total supplier mix and residual mix are taken from the AIB (Association of Issuing Bodies) European Residual Mixes report. Metsä Group is currently in the process of calculating its scope 3 greenhouse gas emissions according to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard by Greenhouse Gas Protocol. (2)

This Carbon Reduction Plan has been reviewed and signed off by the CEO of Metsä Tissue.

Signed on behalf of the Metsa Tissue:

Esa Kaikkonen, CEO, Metsä Tissue

Date: 21.8.2023

(1) https://ghgprotocol.org/corporate-standard
(2) https://ghgprotocol.org/standards/scope-3-standard