

SUSTAINABILITY IS THE BASIS OF METSÄ BOARD'S SUCCESS



READ MORE from Metsä Group's Sustainability Report 2014
www.metsagroup.com/sustainability

WELL-BEING AND SAFETY AT WORK

Increase the number of healthy service years as well as personnel motivation and productivity.

PRODUCT SAFETY

Products comply with food safety regulations.

SUSTAINABLE SUPPLY CHAIN

The origin of raw materials is traceable all the way back to their source.

RESOURCE EFFICIENCY

is the foundation of sustainable and economical operations –achieving more with less.

INNOVATION

Expanding the product range and finding new end-uses.

The focus areas of Metsä Board's sustainability were updated as part of Metsä Group's materiality analysis, which reviews stakeholder expectations and business impact from the perspective of sustainability.

SUSTAINABILITY AGENDA

We offer sustainable choices

- Turning renewable wood into sustainable, safe and recyclable products.
- Providing customer-focused services and solutions.
- Seeking and adopting innovations for continuous improvement and renewal.

RECENT MEASURES IMPLEMENTED

- Metsä Board introduced Carta Dedicata folding boxboard for the strongly growing food service segment, and Carta Allura folding boxboard for luxury packaging.
- The Modo Northern Light product range was expanded with coated fully-bleached linerboards.
- The Husum mill received an ISO 22000 food safety certificate. Currently, all paperboard mills hold this certificate.

TARGETS

- The competitiveness of the product portfolio will be improved by developing new and existing products as well as by seeking new end-uses.
- Production efficiency and service range will be improved at the mills.
- The objective is to meet consumer needs in terms of appropriate and sustainable packaging.

METSÄ BOARD'S PERFORMANCE

AS MUCH AS 30% LIGHTER PAPERBOARDS



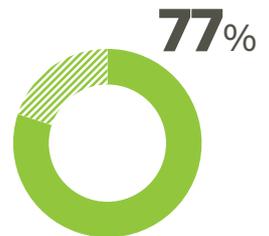
We bring the forest to you

- Promoting sustainable forest management, certification and the diversity of forest nature.
- Enhancing sustainability in the value chain.
- Ensuring the traceability of raw materials.

- In 2014, production units used 8.3 million cubic metres of wood including the use of wood according to the ownership share in Metsä Fibre as well as external pulp purchases.
- Risk assessments of raw material suppliers continued.
- The Supplier Code of Conduct was included in 162 contracts, accounting for 72 per cent of all new and renewed supplier contracts in 2014.

- Metsä Board is able to trace all the wood it uses back to its origins. All wood raw material comes from sustainably managed forests.
- Metsä Group's targets:
 - Sustain the amount of certified wood above 80 per cent.
 - Audit all of risk-rated raw material key vendors against sustainability criteria by the end of 2015.

SHARE OF CERTIFIED FIBRE



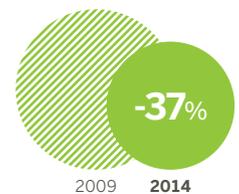
We work for a better climate and nature

- Making efficient use of raw materials, energy and water.
- Increasing the value of side streams.
- Maximizing the share of bioenergy.
- Minimizing emissions to water and air.

- Metsä Board met the aim to reduce fossil CO₂ emissions in production by 30 per cent per product tonne from the 2009 level already in 2013.
- Energy-efficiency has improved by 7 per cent during 2009–2014.
- The consumption of process water has decreased by some 15 per cent at the mills since 2010.

- Metsä Group's targets:
 - 30 per cent reduction of fossil CO₂ emissions per product tonne by 2020 from the 2009 level.
 - 10 per cent energy efficiency improvement by 2020 from the 2009 level.
 - 10 per cent less process water per tonne by 2020 from the 2010 level.

REDUCTION OF CARBON DIOXIDE EMISSIONS IN 2009–2014



We create well-being

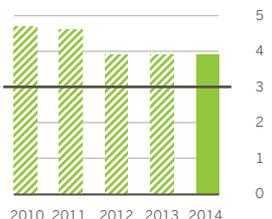
- Ensuring ethical business practices.
- Improving safety at work.
- Assuring responsible management.
- Contributing to local livelihoods and society.

- In 2014, Metsä Board's lost-time accident frequency rate was 12.0 (12.2 in 2013) and the sickness absenteeism rate was 3.9 (3.9).
- The HSE (Health, Safety and Environment) system developed for recording, processing, measuring and reporting safety matters was implemented at the Finnish mills.

- Metsä Group's targets:
 - Lost-time accident rate annually -10 per cent. The long term target is zero.
 - Retain sickness absenteeism below 3 per cent.
- At Metsä Board, safety management and attitudes towards work safety will be developed further.

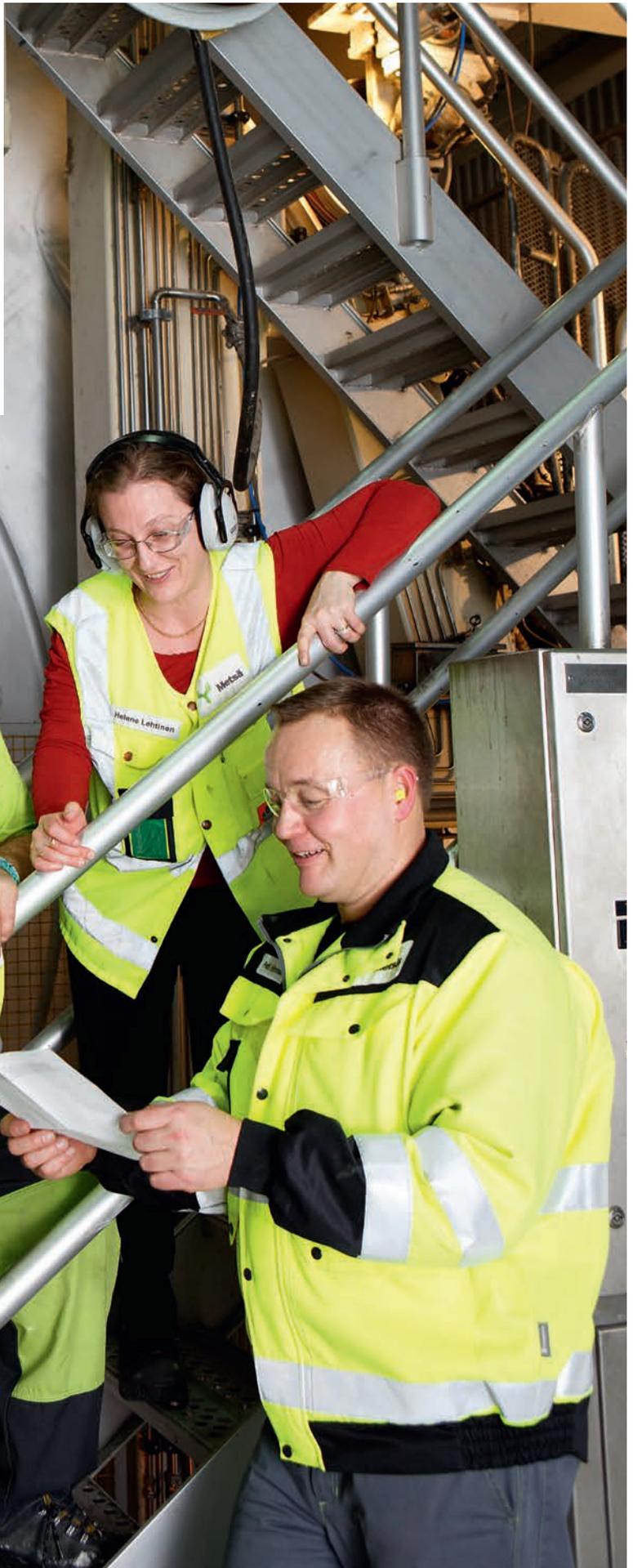
SICKNESS ABSENTEEISM

TARGET < 3%

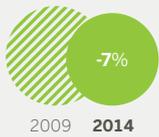


SUSTAINABLE DEVELOPMENT THROUGHOUT THE VALUE CHAIN

Metsä Board is committed to promoting sustainable development, continuously improving its operations and conducting responsible business.



IMPROVEMENT IN ENERGY EFFICIENCY 2009-2014



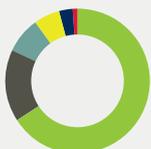
ENERGY SOURCES %



WOOD-BASED	59
NUCLEAR POWER	19
COAL	7
NATURAL GAS	6
HYDRO POWER	5
PEAT	3
OIL	1
OTHERS	1

Total energy consumption was 12.9 TWh in 2014 (2013: 12.6).

PURCHASES PER COUNTRY OF ORIGIN % of purchase value ¹⁾



FINLAND	66
SWEDEN	16
GERMANY	8
OTHER EU COUNTRIES	6
OUTSIDE EUROPE	3
OTHER EUROPEAN COUNTRIES	1

¹⁾ The figures do not include wood supply.

SUSTAINABLE DEVELOPMENT IS AN INSEPARABLE PART OF ALL OPERATIONS AND DAILY WORK.

Metsä Board's business operations are guided by Metsä Group's sustainable development principles based on the UN's Global Compact initiative. Sustainable development is an inseparable part of all operations and daily work.

In addition to its own operations, Metsä Board is committed to sustainability throughout the supply chain. Since 2011, the target has been to have a Supplier Code of Conduct included in all new and renewed supplier contracts. In 2014, the Supplier Code of Conduct was included in a total of 162 agreements.

Safe working methods and conditions are of paramount importance throughout the value chain. Metsä Board works continuously in order to ensure the safety of its personnel and sub-contractors.

MITIGATING CLIMATE CHANGE

The productivity and efficiency of the production units are developed through investments and development actions that improve profitability, efficient use of resources and environmental performance.

Increasing the share of bioenergy along with improving energy efficiency are main means to combat climate change. In addition to providing environmental benefits, they improve cost-efficiency and competitiveness.

Wood-based bioenergy accounted for 59 per cent of Metsä Board's total energy consumption in 2014 (2013: 58%). The majority of bioenergy is produced using Metsä Group's production by-products, such as bark and black liquor. The rest is forest energy originating from wood supply. The majority, some 83 per cent, of the total energy used was CO₂ neutral. Due to the bioenergy investments made over the last few years, Metsä Board has already reached its target to reduce CO₂ emissions. In 2009–2014, emissions decreased by 37 per cent.

Improved energy efficiency is sought by modifying processes based on the results of energy analyses and by working together with equipment manufacturers to achieve technical enhancements. In 2009–2014, production units' energy efficiency improved by 7 per cent.

EFFICIENT USE OF WATER

Metsä Board continuously looks for ways to reduce the consumption of fresh water in its production by reusing water, among other things. In 2014, Metsä Board's total water consumption was 74 million cubic metres (73). Process water consumption has reduced by some 15 per cent during 2010–2014.

A considerable investment was made in process water treatment at the Simpele mill with the installation of a new disc filter in the paperboard machine and the construction of a new circulation water tower. The investment enables higher process water temperatures and more efficient heat recovery. The more effective recovery of fibres has improved material efficiency and reduced the volume of suspended solids ending up at the wastewater treatment plant.



Recognition for environmental impact reporting

IN AUTUMN 2014, METSÄ BOARD received an excellent score (98 out of 100) in CDP's Nordic Climate Disclosure Leadership Index (CDLI). The high score is recognition of comprehensive, high-quality climate change reporting directed at investors and the market.

Only companies with a score in the top 10 per cent are awarded a position in the CDLI, showing they have provided a high level of transparency in their disclosure of climate-related information. The index is based on an extensive survey of greenhouse gas emissions, emission reduction targets, as well as risks and opportunities associated with climate change.

CDP is an international non-profit organisation which offers companies and cities a global system for measuring, publishing, managing and sharing environmental information. CDP has been publishing global climate reports since 2000, and a report on the Nordic countries since 2007. Metsä Board has been included in the Nordic report since the beginning.



SUSTAINABILITY IN ACTION

RAW MATERIAL



- The origin of raw materials – wood, chemicals and energy – used in the production of Metsä Board's products is known.
- In 2014, Metsä Board's production units used 8.3 million cubic metres of wood (2013: 8.1) including the use of wood according to the ownership share in Metsä Fibre as well as external pulp purchases. 77 per cent (74) of the fibre originated from certified forests. The wood is 100 per cent traceable and always comes from sustainably managed forests.
- The origin of wood is verified by means of the PEFC® and FSC® certified Chain of Custody tracing method managed by Metsä Group's wood supply organisation.
- The wood supply countries included Finland (50%), Sweden (25%), the Baltic countries (13%) and Russia (12%).
- Other raw materials and services are also purchased from reliable suppliers who comply with the requirements set out in Metsä Group's Supplier Code of Conduct. In 2014, the Supplier Code of Conduct was included in a total of 162 agreements (2013: 107).

SHARE OF TRACEABLE WOOD

100%

WATER USE IN 2010–2014

-15%

	2014	2013
FIBRE RAW MATERIALS		
Wood, 1,000 m ³ ¹⁾	8,289	8,094
OTHER RAW MATERIALS, 1,000 t		
Pigments	409	404
Adhesives	71	68
WATER USE, 1,000 m³	106,723	113,207
Process water	73,703	71,559
Cooling water	50,527	48,212

¹⁾ Including the use of wood according to the ownership share in Metsä Fibre as well as external pulp purchases.

PERSONNEL



- Metsä Board has nine production units: seven in Finland, one in Sweden and one in Germany.
- Employees' working capacity is maintained by means of an early support model. The model includes assessing work capacity and intervening as early as possible in issues that may compromise work capacity, as well as creating a personal work capacity plan.
- Focus is placed on occupational safety by implementing efforts aimed at influencing attitudes and by promoting proactivity. Attention has been paid, in particular, to reporting observations related to safety and dangerous situations.
- Metsä Board organises a variety of training events per year. Personnel competence is reviewed regularly and personal development programmes are created.
- Future resource needs are anticipated by means of retirement forecasts. Recruitment training is developed to meet future needs based on these forecasts and personnel competence reviews.

LOST-TIME ACCIDENT
FREQUENCY RATE

12.0

AVERAGE AGE
OF EMPLOYEES

46.2

OCCUPATIONAL SAFETY AND WELL-BEING

	2014	2013	2012
Sickness absenteeism, % ¹⁾	3.9	3.9	3.9
Work injury absenteeism, %	0.3	0.3	0.2
Lost-time accident frequency rate (per million worked hours)	12.0	12.2	13.2

¹⁾ Per cent of potential working hours.

PERSONNEL PER COUNTRY	PERSONNEL ¹⁾ 31 DEC 2014	PERSONNEL 31 DEC 2013	AVERAGE AGE OF EMPLOYEES 31 DEC 2014
Finland	1,469	1,465	45.2
Sweden	866	869	47.7
Germany	540	534	48.3
Other countries	236	248	42.1
Total	3,111	3,116	46.2

¹⁾ Full Time Equivalent

EMISSIONS



- Metsä Board's production units are continuously developed in order to reduce environmental impact and risks and to improve resource efficiency.
- At the Simpele mill, a disc filter was installed and a circulation water tower was built. These changes have reduced the need to heat the process water and decreased the loss of suspended solids.
- New wood storage area was established in Husum mill area. This included a new noise barrier to reduce the noise from the trucks on the wood yard.
- New low consistency grinders in Kaskinen mill have been on-stream for the first full year. This has reduced the electricity consumption of the mill up to 10 per cent.
- Tako board mill has been able to reduce the loading of suspended solids to watercourse by over 50 per cent. This was achieved by re-organising the treatment of effluents from the raw water treatment plant.

CO₂ NEUTRAL ENERGY

83%

RECYCLED WASTE

99%

	2014	2013
EMISSIONS TO AIR, t		
Fossil carbon dioxide (CO ₂)	380,348	388,461
Sulphur (as SO ₂)	861	944
Nitrogen oxides (as NO ₂)	1,870	1,920
Particles	142	368
EMISSIONS TO WATER, t		
Waste water, 1,000 m ³	73,703	71,559
Chemical oxygen demand (COD)	11,997	12,137
Biological oxygen demand (BOD)	525 ¹⁾	486 ¹⁾
Phosphorus (P)	25	26
Nitrogen (N)	239	245
Total suspended solids	2,906	2,136
WASTE, t		
Recycled waste	284,068 ²⁾	256,472 ²⁾
Recycled waste, %	99	96
Landfill waste	672	9,572 ³⁾
Hazardous waste	1,300	334

1) Excluding Husum mill

2) Includes waste from temporary storage to recycling

3) Includes waste from temporary storage to landfill

PRODUCTS



- Paper Profile environmental declarations have been provided for all of Metsä Board's papers and paperboards. The declarations were renewed by including information on the country of wood origin and species of wood. The carbon footprint of all products has been calculated since 2007.
- Metsä Board's R&D costs were approximately EUR 6 million in 2014, or approximately 0.3 per cent of operating expenses (2013: EUR 5 million and 0.3 per cent).
- There were no significant product recalls during the review year. Costs incurred due to complaints in different parts of the supply chain accounted for 0.5 per cent of sales. Mill- and product-specific goals account for 0.3–0.8 per cent of sales.
- Productivity has increased by more than 80 per cent since 2005. During the same period, the paperboard production capacity has increased by approximately 20 per cent.
- In recent years, Metsä Board's market shares have grown steadily in its main market in Europe.

GROWTH OF PRODUCTION VOLUME IN 2013–2014

2.5%

SHARE OF PAPERBOARD BUSINESS IN SALES IN 2014

61%

	2014	2013
PRODUCTION, 1,000 t		
Paperboard	1,416	1,291
Pulp	1,294	1,249
Paper	583	674