

METSÄ BOARD

Annual and Sustainability Report 2022

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This is Metsä Board

We focus on premium fresh fibre paperboards and are a forerunner in sustainability. Our strategy is to grow in fibre-based packaging materials and renew our industrial operations.

Focus on sustainable fresh fibre paperboards

We focus on premium and recyclable fresh fibre paperboards, that help our customers reduce their plastic use. Our paperboards are mainly used in consumer packaging and in retail packaging solutions where demand is rather stable, regardless of the economic situation.

Strong position in a growing market

We are a leading producer of folding boxboard and white kraftliners in Europe, and globally the biggest producer of coated white kraftliners. In the USA, we are the largest supplier of folding boxboard. We expect the global demand for paperboards to grow faster, at an annual rate of around 5%, compared to other packaging materials.

A forerunner in sustainability

Our products support the circular economy and they have a smaller carbon footprint compared to many other packaging materials. Our future growth is based on more efficient use of resources and raw materials. Our target is fossil free production and products by the end of 2030.

Investing in sustainable growth

Our ongoing and planned investments respond to the growing demand for sustainable packaging materials. We are continuously modernising our industrial operations to further strengthen our competitiveness. We have a clear road map to implement our ambitious sustainability targets. This includes investments and explorations of alternative raw materials in cooperation with our partners.

We are part of the profitable Metsä Group and benefit from the good availability of our main raw material, northern wood. Our self-sufficiency in pulp guarantees the consistent and high quality of the fibre and enables the growth of our paperboard business.

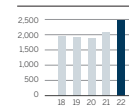
METSÄ GROUP		Sales EUR 7.0 billion		
The parent company Metsäliitto Cooperative is composed of over 90,000 Finnish forest owners.				
WOOD SUPPLY AND FOREST SERVICES (Metsä Forest)	METSÄ WOOD Wood Products	METSÄ FIBRE Pulp and sawn timber	METSÄ BOARD Paperboard	METSÄ TISSUE Tissue and greaseproof papers
OWNERSHIP Metsäliitto Cooperative 100%	Metsäliitto Cooperative 100%	Metsäliitto Cooperative 50.1% Metsä Board 24.9% Itchu Corporation 25.0%	Metsäliitto Cooperative 50.2% (68.2% of votes) The company is listed on Nasdaq Helsinki.	Metsäliitto Cooperative 100%
METSÄ SPRING Innovation company				

* Information based on flagging release on 30 December 2022

A record year 2022

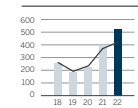
SALES

EUR million



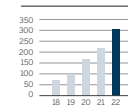
COMPARABLE OPERATING RESULT

EUR million
% of sales



TOTAL INVESTMENTS

EUR million



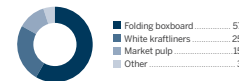
Our strong financial position lays the foundation for our future growth. Interest-bearing net debt/comparable EBITDA

0.2

Our financial target is no more than 2.5

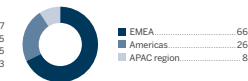
SALES SPLIT BY PRODUCT

% of sales



SALES SPLIT BY REGION

% of sales



Source: Metsä Board's estimates

We are
2,248
Metsä Board employees in
17
countries

We have
8 production units in Finland and Sweden and deliver products to approximately
100 countries

Our customers include international brand owners, packaging converters, manufacturers of corrugated products and merchants

We procure wood from forests where renewal and biodiversity are safeguarded. Of all the wood fibre we procure, certified wood fibre accounts for

83%

Target > 90% by the end of 2030

Our sustainable investments are moving us closer to fossil free operations. The share of fossil free energy of our total energy consumption is

87%

Target: 100% by the end of 2030

Our ambitious targets strengthen our position as a forerunner in sustainability



BUSINESS AMBITION FOR 1.5°C

Read more on page 22

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Record result in a challenging business environment

We achieved an excellent result in 2022, and our financial position at the end of the year was strong. We continued our sustainability efforts to mitigate climate change and helped our customers lower their use of plastic and reduce the carbon footprint of their packages. All this builds a strong foundation for future growth, which we seek through our sustainable and profitable investments.

For Metsä Board, 2022 was an exceptional year in many ways. As a paperboard company, we achieved a record result in a challenging business environment that proved difficult to predict. Our sales were nearly EUR 2.5 billion, and our comparable operating result was EUR 521 million. At 20.9%, our return on capital employed exceeded our long-term target by a wide margin. Our result improved especially thanks to the higher prices of fresh fibre paperboards supported by a favourable currency effect. Successful price increases exceeded the rapid cost inflation. In addition, the profitability of Metsä Fibre, our associated company, was boosted by the higher market pulp prices.

The past year was overshadowed by Russia's war against Ukraine, which is continuing in 2023. In addition to human suffering, Russia's military operations triggered the most severe energy crisis in Europe's recent history, making energy self-sufficiency a significant competitive factor for many companies. Metsä Board's energy self-sufficiency is at a high level, which offers stability to our operations. The new recovery boiler and turbine that started up at the Husum pulp mill in December, will increase the production of bioenergy and take us closer to our goal of entirely fossil free production by the end of 2030.

Valuable recognition of our sustainability efforts

During the year, we continued our long-term work to promote sustainability. For the second year in a row, we secured a place on the 'A' List in all of CDP's three environmental focus areas: climate change mitigation, water security and forest protection. Only 12 out of 15,000 companies achieved the same excellent result. In EcoVadis's evaluation, we were in the top 1% among paper, paperboard and packaging manufacturers, receiving full points in the environment section. These acknowledgements reflect our role as a forerunner in sustainability and the systematic work that

everyone at Metsä Board carries out to achieve our goals. Since 2022, the personal performance goals of all Metsä Board employees have included at least one sustainability objective, which in my case concerns safety at work.

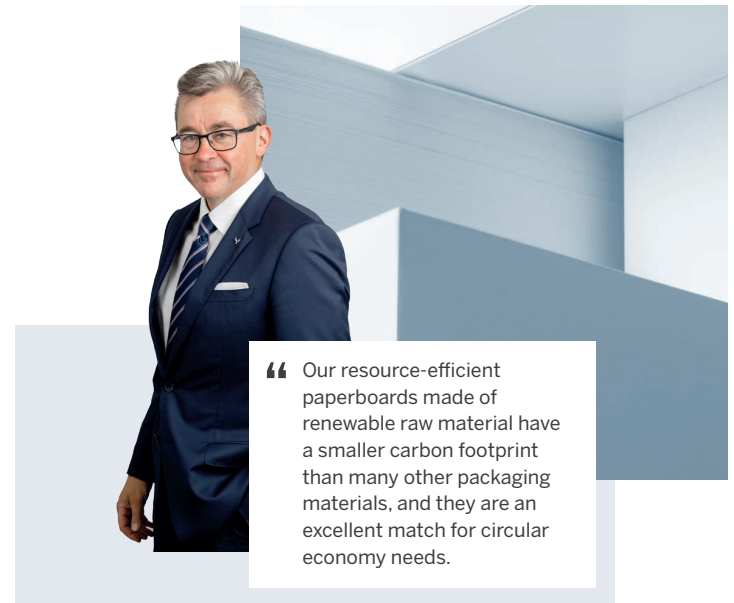
Our strategy has proven its success

Our strategy has proved its sustainability and success in a challenging market situation, and we will continue its systematic implementation – growing sustainably in fibre-based packaging materials. In recent years, we have strengthened our market position in premium fresh fibre paperboards and have met the quickly increasing demand for recyclable packaging materials that can replace plastic in our main markets – Europe and North America. In 2023, our paperboard capacity will increase following the completion of our investments in folding boxboard in Husum and kraftliner in Kemi. To continue our sustainable growth, we have launched pre-engineering for a new folding boxboard mill with an annual capacity of 800,000 tonnes in Kaskinen. A potential investment decision could be made in 2024 at the earliest.

Resource efficiency helps us reduce the environmental impact of packaging

Our resource-efficient paperboards made of renewable raw material have a smaller carbon footprint than many other packaging materials, and they are an excellent match to circular economy needs. Packaging design carried out in cooperation with our customers helps us continuously reduce the amount of packaging material and waste.

Resource and production efficiency play a key role in the pre-engineering for the new folding boxboard mill in Kaskinen. We aim for the world's most resource-efficient paperboard mill, with



“ Our resource-efficient paperboards made of renewable raw material have a smaller carbon footprint than many other packaging materials, and they are an excellent match for circular economy needs.

world-class competitiveness and a product concept that enables carbon footprint reduction. By utilising the best available technology, the consumption of raw materials, energy and water per tonne of folding boxboard produced can be significantly reduced compared to our current production units.

Strong financial position supports growth

Our strong financial position creates a firm foundation for future and planned growth investments in fibre-based packaging materials. In addition to our financial and sustainability targets, our decision making is guided by our long-term goal of increasing

shareholder value. Metsä Board's Board of Directors proposes that a dividend of EUR 0.58 per share be distributed for 2022. The proposal is in line with our dividend policy and reflects confidence in our future success.

Our excellent performance in a volatile operating environment is proof not only of a well-functioning strategy but also of a competent and motivated personnel. I wish to thank all our employees for their great work and all our customers and other partners for their good cooperation.

Mika Joukio
CEO

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Highlights in 2022

In 2022, Metsä Board delivered a strong financial result. We continued the systematic implementation of our strategy and cooperation with our customers to create packaging solutions that support the circular economy.



Pre-engineering for the world's most resource- efficient paperboard mill started

Metsä Board started pre-engineering work for a new folding boxboard mill, with an annual capacity of approximately 800,000 tonnes, at the Kaskinen mill site in Finland. Read more on p. 9

Innovating for circularity

Golf ball packaging takes on a second life as an insect hotel. The innovative packaging was a result of a co-creation workshop at Metsä Board's Excellence Centre. In total 45 co-creation workshops were organised with customers and partners during the year. Read more on p. 16.



Solutions for plastic reduction and recyclability

Metsä Board's dispersion coated barrier paperboard helped several brands, including the U.S.'s fastest growing cookie company, Crumbl Cookies, to reduce plastic and lightweight their packaging. Sales of dispersion coated barrier board have grown rapidly, and the aim is to increase its share up to half of the Kyro mill's production capacity in 2023. Read more on p. 16.

Recognitions for systematic work for sustainability

Metsä Board was recognised again with an outstanding triple CDP 'A' score for its environmental leadership in climate change, water security and forests. Only 12 companies achieved a triple 'A' out of nearly 15,000 companies scored.

Metsä Board was again awarded Platinum rating by EcoVadis for the company's sustainability and corporate social responsibility, scoring the full 100/100 in the Environment section for the first time.

Metsä Board won for the second time both the Finnish Circular Economy Award and the Finnish Quality award in the Excellence Finland assessment using the international EFQM model. Read more on p. 21.



Renewal of the Husum pulp mill is an important step towards our goal of 100% fossil free production

The new recovery boiler and turbine, started up in December, will increase the bioenergy production of Husum pulp mill and improve the integrate's electricity self-sufficiency. Read more on p. 9.



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Our strategy highlights solutions that promote the circular economy

We are a leading European producer of premium fresh fibre paperboards and a forerunner in sustainability. Our decision making is guided by our profitability and sustainability targets and the ambition to increase shareholder value. Our goal is to maintain a strong financial position and distribute a competitive dividend to our owners.

Purpose

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

Vision

Preferred supplier of innovative and sustainable fibre-based packaging solutions, creating value for customers globally.

Strategy

We grow in fibre-based packaging materials and renew our industrial operations.

Values

- Reliability
- Cooperation
- Responsible profitability
- Renewal



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Operating environment supports growing demand for fresh fibre paperboards

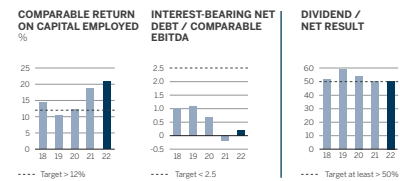
- Population growth, urbanisation and rising living standards drive packaging
- Global e-commerce continues to grow
- Availability and quality of recycled fibre is declining
- Regulation and consumer preferences favour fossil free packaging materials
- The requirements of the circular economy become more specific and drive the development of the industry

Our strategic programmes

We implement our strategy through five strategic programmes that drive sustainable growth in fibre-based packaging materials and industrial efficiency.

- Premium supplier
- Effective innovation
- Safe and efficient operations and organic growth
- Leader in sustainability
- Motivated people

Our financial targets



We invest in sustainable and profitable growth

Metsä Board has significant investments underway and in the pipeline to achieve sustainable growth in fibre-based packaging materials. In line with our strategy, we are also renewing our industrial operations to further strengthen our competitiveness. By using the best available technology, we improve our production and resource efficiency and reduce the carbon footprint of our products.

We will increase the annual production capacity of folding boxboard at the Husum integrated mill by some 200,000 tonnes and of white kraftliners at the Kemi paperboard mill by some 40,000 tonnes. We expect both investments to be completed in the second half of 2023.

The new recovery boiler and turbine of the Husum pulp mill started up at the end of 2022. This increased the mill's bioenergy production and considerably improved the integrate's energy self-sufficiency. In the renewal's second phase, during the 2020s, an investment decision will be made concerning the renewal of the mill's fibre line. The renewal will strengthen the Husum integrate's role as an efficient and sustainable platform for the long-term development of paperboard production and is an important step towards our target of entirely fossil free mills.

In the autumn of 2022, we initiated a pre-engineering process for the new Kaskinen paperboard mill, with an annual capacity of 800,000 tonnes. A potential investment decision will be made in 2024 at the earliest. The planning of the new mill is based on fossil free production, world-class resource and production efficiency, and a product concept that reduces carbon footprint.

Read more on Metsä Board's investments at metsagroup.com/metsaboard/investors/metsa-board-as-an-investment/investments/

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We create value and well-being, with respect for nature

We help our customers achieve their sustainability targets with our paperboards and our expert services that support the circular economy. We are continuously looking for opportunities to grow profitably and sustainably, and to generate value for our stakeholders with our operations.

Resources

People and partnerships

- 2,248 employees in 17 countries
- 25 apprentices
- Active cooperation with local communities and educational institutions

Production and supply chain

- More than 3,600 suppliers
- 8 production units in Finland and Sweden
- Deliveries to approximately 100 countries

Natural resources

- 8.3 million m³ of sourced wood of which 83% is certified
- Total energy consumption 12.0 TWh of which 87% is fossil free
- Water intake 110 million m³
- 355,000 dry tonnes of purchased pigments, adhesives and other raw materials

Intangible assets

- R&D expenditure EUR 6 million
- An Excellence Centre in Äänekoski, Finland, and a satellite centre in Norwalk, the United States
- Recognition for premium quality paperboards

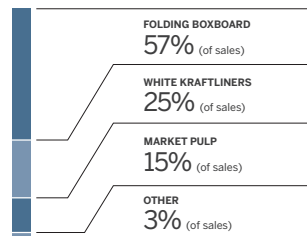
Economic capital

- Capital invested EUR 2.7 billion
- 57,000 shareholders in B series and 10,000 in A series

Business model

We produce resource-efficient fresh fibre paperboards from renewable raw materials, which support the principles of the circular economy and offer an alternative to fossil-based packaging materials. We are part of Metsä Group, and benefit from its unique value chain, from pure northern fibre to premium end products. We have high energy self-sufficiency, and our holding in our associated company Metsä Fibre ensures our over self-sufficiency in pulp. Our production is located in Finland and Sweden, and we have sales around the world. Our main markets are Europe and North America.

OUR SALES IN 2022
EUR 2,480 million



Outputs

Sustainable products and services

- 1.9 million tonnes of premium fresh fibre paperboards
- 1.4 million tonnes of pulp and BCTMP
- 5 service entities that generate benefits throughout the packaging value chain (360 Services)
- Common stock service improves availability and enables fast delivery to the customer

Emissions and side streams

- Fossil-based CO₂ emissions 383,000 tonnes (Scope 1 and 2, market-based)
- 96% of the used water is returned to the waterbodies after treatment
- More than 99% of production side streams are used as materials or energy

Impacts

Customers

- Recyclable and sustainably produced products with a smaller carbon footprint
- Innovative and material-efficient packaging solutions that help reduce the use of plastic
- Customer satisfaction NPS (Net Promoter Score) 34

Suppliers

- EUR 2.0 billion purchases from suppliers
- 99% of suppliers are committed to the Supplier Code of Conduct
- 15% of target group suppliers have set their own SBTi targets

Personnel

- EUR 217 million paid to employees as wages and benefits
- 100% of the personnel have completed the Code of Conduct training

Shareholders

- A sustainable investment; several recognitions from ESG evaluations conducted by third parties
- EUR 206 million distributed to shareholders of the parent company as dividends
- 20.9% comparable return on capital employed

Common value creation

- Taxes to be paid EUR 96 million
- Total investments EUR 304 million
- Aiming for a 100% fossil free future, with science-based targets

→ Further information on taxes on p. 167

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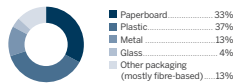
Paperboard is the fastest growing packaging material

Paperboard accounts for around a third of the global packaging market, and it is expected to experience faster growth than other packaging materials – an average annual rate of 5%. The main growth drivers include the consumers' increasing environmental awareness, which favours recyclable packages, and the ease of packaged food in daily life.

The value of the global packaging market is around USD 1 billion

Annual growth is approximately 4% (2021–2026).

THE GLOBAL PAPERBOARD PACKAGING MARKET VALUE BY MATERIAL



Source: Smithers Information

Paperboard demand is influenced by long-term trends

REGULATION

Regulation seeks to reduce the negative impacts of climate change, the increasing amount of waste and loss of biodiversity.

EASE

To make everyday life easier, consumers shop online and buy ready meals.

PLASTIC REDUCTION

Brand owners and retailers are setting ambitious goals for making packages reusable, recyclable and compostable by 2025.

APPROPRIATENESS

Packages help protect products and thereby prevent waste generation while avoiding over-packaging.

BRAND PROMOTION IN E-COMMERCE

Positive unboxing experiences are becoming increasingly important, leading to more branding inside boxes.

Metsä Board's paperboards are especially used in food packaging, which is more defensive in nature

END USES OF FOLDING BOXBOARD



- Food and food service packaging
- Other consumer products (including the packaging of pharmaceuticals and cosmetics)
- Graphical end uses

Source: Metsä Board's estimates

END USES OF WHITE KRAFTLINERS



- Shelf-ready packaging, point-of sale displays and solutions
- E-commerce
- Other consumer packaging

Consumers prefer recyclable packaging, policymakers drive reusability

According to Euromonitor, 66% of consumers try to have a positive impact on the environment through their everyday actions. Reducing plastic is the top measure taken, followed by reducing food waste, recycling items, and using sustainable packaging. Recyclability is seen as the key sustainability feature for a sustainable packaging. (Source: Euromonitor International Global Lifestyles Survey 2022)

With a recycling rate of 82%, paper packaging is the most recycled packaging material in the EU, while the plastic recycling rate is 38%. (Source: Eurostat)

Reusability is favored in EU's waste hierarchy, although many third-party certified LCA studies show that reuse or refill is not always the best option for the climate and environment.

The main purpose of packaging is to protect products, thereby preventing waste. Packaging accounts for only 5% of the total global food system greenhouse gas emissions. (Source: the UN and the EC)

Consumers responded to the inflationary environment of 2022

Rapid inflation has reduced consumers' purchasing power and forced them to reconsider their consumption habits.

The demand for packaged food has remained stable. Consumers have moved to less expensive products and private label products and are opting for discounters. Purchases of durables and luxury products are being postponed.

Despite the pressure to save, the majority of consumers are eager to catch up on experiences they missed out during the pandemic.

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Strong position in a growing market

Paperboard market

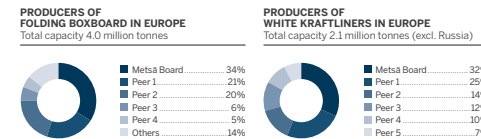
Metsä Board has an established position in its main markets – Europe and North America. It is a leading producer of folding boxboard and white kraftliners in Europe and the largest supplier of folding boxboard in the US. In 2022, demand for folding boxboard and white kraftliners was strong, especially in the first half of the year, and the average paperboard prices improved. Among other

things, demand was boosted by the pandemic-induced consumption shift from services to packaged goods and concerns about the availability of packaging materials. Demand began to normalise towards the end of the year. In the long term, the increasing demand for sustainably produced fresh fibre paperboards used to replace plastic is expected to continue.

Metsä Board's paperboards have several growth drivers in its main market areas in Europe and North America

	AMERICAS	EMEA	APAC
Regional emphasis	Continued growth in North America	Maintaining strong market position in Europe	Focus on high quality packaging in selected end use segments
Paperboard deliveries in 2022			
• share of all deliveries by region	28%	68%	4%
• delivery volumes	503,000 tonnes	1,239,000 tonnes	75,000 tonnes
Demand outlook for folding boxboard and white kraftliners	<ul style="list-style-type: none"> Limited local availability of lightweight high-quality folding boxboards and coated white kraftliners Demand growth for recyclable and/or compostable food and food service packaging made from renewable raw materials Demand growth for retail-ready packaging in stores Promotion and differentiation of brands in growing e-commerce 	<ul style="list-style-type: none"> Environmental awareness and regulation support the demand for recyclable packaging materials Food safety requirements favour pure fresh fibre paperboards Demand growth for retail-ready packaging in stores Growth of e-commerce Weakened availability and higher price of recycled fibre 	<ul style="list-style-type: none"> Growth of the middle class increases consumers' purchasing power and demand for packaged products China's import ban on recycled fibres increases demand for pulp and fresh fibre paperboards

Metsä Board is Europe's largest producer of folding boxboard and white kraftliners



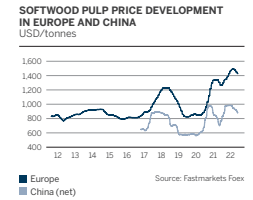
Sources: the companies' websites, RISI, Metsä Board's own estimates

Metsä Board is the biggest producer of coated white kraftliners globally.

Pulp market

Megatrends drive long-term demand for sustainably produced pulp

Globally, about 181 million tonnes of pulp made from fresh fibre is used each year, of which 112 million tonnes is pre-integrated into e.g. paper or board production. The remainder, 69 million tonnes, is sold to the market, and consists mainly of bleached softwood and hardwood pulp. Demand and prices for pulp can vary from year to year and are influenced, among others, by the general economic situation. In the long term, megatrends such as urbanisation and emerging economies will support demand for sustainably produced pulp. Demand growth will be sustained by the development of tissue and packaging board products. Also new products, such as pulp-based textile fibres will play an increasingly important role in the future. Market pulp supply has been limited in recent years by logistical bottlenecks and a number of planned and unplanned production stoppages.



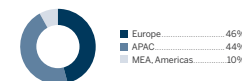
Metsä Board's associated company Metsä Fibre is a leading producer of market softwood pulp (NBSK)

Metsä Board aims to be self-sufficient in pulp, which ensures consistently high quality in paperboard production. Metsä Board produces chemical pulp and bleached high-yield pulp (BCTMP), which are used in our own paperboard production and sold as market pulp. In addition, Metsä Board has 24.9% holding in its associated company Metsä Fibre, which is a leading producer of wood-based bioproducts such as pulp, sawn timber, biochemicals and bioenergy. Metsä Fibre's annual capacity is approximately

3.3 million tonnes of pulp and 1.8 million cubic metres of sawn timber. The pulp produced by Metsä Board and Metsä Fibre is primarily softwood pulp.

Metsä Fibre is constructing a new bioproduct mill in Kemi. Its annual capacity is approximately 1.5 million tonnes of softwood and hardwood pulp. The mill is expected to be completed in 2023, and it will replace the current pulp mill in Kemi, which has an annual capacity of around 610,000 tonnes.

METSÄ FIBRE'S PULP SALES BY MARKET AREA, %



METSÄ FIBRE'S PULP DELIVERIES BY END USE, %



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Our R&D aims for recyclability and resource efficiency

Promoting the goals of the circular economy drives the development of packaging materials throughout the packaging sector's value chain. The requirements for packages are increasing, and cooperation among all the value chain operators is important.

Metsä Board has been an active participant in the 4evergreen alliance, covering the entire packaging value chain, since its establishment. The goal of 4evergreen is to make all fibre-based packaging recyclable by 2025 and raise the recycling rate in the EU from the current 82% to 90% by 2030. In 2022, 4evergreen published packaging design guidelines, as well as instructions for collecting and sorting fibre-based packaging and for assessing the recyclability of packaging. They support the recycling of fibre-based packaging and promote the competitiveness of fibre-based packaging against other packaging materials.

Aiming for world-class resource efficiency and a reduced carbon footprint

Ensuring and developing the recyclability and compostability of paperboards is one of the key goals of our product development process. In the fibre-based packaging material circular economy, our task is to provide the market with premium fresh fibre paperboards as resource-efficiently as possible, help replace fossil-based materials and reduce the carbon footprint of packaging.

We continue to focus on lightweighting of paperboard and developing recyclable protective barrier coatings for use in food packaging. Our competence in lightweighting of paperboards plays a key role in the pre-engineering of the Kaskinen folding boxboard mill, launched in 2022, which builds on fossil free production and significantly lower consumption of wood, energy and water per tonne of folding boxboard produced, compared to current production units. We aim for world-class resource efficiency and a product that enables the reduction of the carbon footprint.

We are developing the resource efficiency of all our mills and make use of artificial intelligence. For example, at the Äänekoski paperboard mill, we can now locate the reason for process disruptions much faster thanks to new AI technology. The technology analyses the underlying causes of visual defects detected by AI based machine vision and looks for deviations among the 10,000 variables measured at the mill, also accounting for process delays. This helps target the right corrective measures more quickly, reducing the time lost due to disruptions.

In the biobarrier programme launched in 2021, we continued to study new alternative products for reducing plastic. Several

Large-scale material savings

While delicious gourmet cookies have made Crumbl Cookies the fastest-growing cookie company in the United States, its signature pink boxes have helped establish the firm as a social media sensation. Founded five years ago, Crumbl Cookies now has more than 600 U.S. locations, using hundreds of thousands of cookie boxes per week. By switching to Metsä Board's lightweight dispersion barrier board, Crumbl was able to reduce the weight of the package by 32% and reduce its carbon footprint by more than 50%.



The 3D Muoto® innovation replaces plastic

Metsä Group's 3D fibre product has been produced at Metsä Group's and Valmet's demo plant in Äänekoski since May 2022. Using brand new technology, the products are pressed from wood fibre into their final form and their properties can be tailored during the production process according to the intended purpose. Ready-to-use three-dimensional Muoto products are suitable for such applications as food packaging. If the market interest and product viability can be proved on a large scale, Metsä Group will consider building a larger production unit.

potential products are being tested in the laboratory, and some proceeded to production testing last year. In accordance with our product development process, the prerequisites for sales and production will first be determined before making decisions about commercialisation.

In 2022, we established a systematic development programme for reducing the use of all fossil-based raw materials. As part of this, we work with suppliers to find ways to reduce the carbon footprint of the raw materials we purchase. We have set as our goal that by the end of 2030, all the solutions and polymers developed for paperboards will be based on fossil free raw materials.

Deeper customer cooperation

We used our 360 Services to further strengthen our customer relationships. The services cover five areas: Sustainability Service; Packaging Design Service; Technical Service; R&D Service; and the Supply Chain and Digital Service.

We helped our customers, for example, with life-cycle assessments of packaging, data-based comparisons of the environmental

impacts of different materials, and with concrete packaging solutions for improving recyclability and material efficiency. In 2022, we organised 45 packaging development workshops at our Excellence Centre in Äänekoski.

Metsä Group and Fortum's ExpandFibre programme promoting the circular bioeconomy continued in 2022. Among other things, the programme focused on organising cooperation with packaging design companies and packaging technology companies and developing solutions to packaging challenges identified in development workshops. One example of these efforts was the modernisation of the pastry packaging used by bakeries, with Viipurilainen Kotileipomo as the pilot company. The packaging was developed with usability, ecology and layout in mind. The result was a pastry package that is easy to assemble, and that reduces the need for material by 25% and carbon dioxide emissions by roughly 34%.

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■ Metsä Board's business

Metsä Board produces high-quality, sustainable fresh fibre paperboards, and is Europe's largest producer of folding boxboard and white kraftliners. The company's folding boxboard is mainly used to package consumer products such as food and pharmaceuticals, while its white kraftliners are mainly used for various packaging needs in the retail sector. More than half of the white kraftliners made by Metsä Board are coated. The total annual paperboard capacity is approximately 2 million tonnes, and it is sold to approximately 100 countries. Metsä Board's main market areas are Europe and North America.

Metsä Board produces chemical pulp and bleached high-yield pulp (BCTMP), which are used in its own paperboard production, with some sold as market pulp. The annual capacity for pulp and BCTMP is roughly 1.5 million tonnes. In addition, Metsä Board owns 24.9% of its associated company Metsä Fibre, a global leader in the production of softwood market pulp. Metsä Fibre's annual pulp capacity is roughly 3.3 million tonnes.

■ Strategy and financial targets

Metsä Board's strategy is to grow in fibre-based packaging materials and renew its industrial operations. To implement this strategy, the company has significant growth and development investments ongoing and planned to meet the rapidly growing demand for recyclable and plastic-replacing packaging materials in Europe and North America. Metsä Board's production is located close to its most important raw material, the high-quality Northern wood fibre. The company aims to maintain high self-sufficiency in pulp and energy.

Metsä Board's decision-making is guided by financial and sustainability targets, as well as long-term shareholder value growth. The company focuses on continuous cost efficiency improvements and on customers who benefit from the high performance of the company's products and services. The objective is to pay a competitive dividend and maintain a strong balance sheet.

In 2022, Metsä Board's financial targets and dividend policy remain unchanged:

The comparable return on capital employed (ROCE) is at minimum 12%.
• Actual in 2022 was 20.9%.

A ratio of interest-bearing net debt to comparable EBITDA at maximum 2.5.
• Actual in 2022 was 0.2.

In line with dividend policy, Metsä Board aims to distribute at least 50% of the result for the financial period in dividends every year.

• The Board of Directors' proposal to the AGM on the dividend for the 2022 financial year, EUR 0.58 per share, corresponds to 50% of the result for the financial period.

■ Market environment

Paperboards

Global megatrends pose requirements for the safety, quality, sustainability and recyclability of packaging. Pure and easily recyclable fresh fibre paperboards made from renewable raw materials replace non-renewable packaging materials like plastic. The coronavirus pandemic shifted consumption from services to goods and accelerated the demand for fresh fibre paperboards in nearly all end uses. At the end of 2022, the general decline in the demand for consumer products, and the inventory adjustments made in the value chain reduced the demand for paperboards. In addition, the volumes of paperboard imported from Asia to Europe increased towards the end of the year as the global challenges in logistics eased.

In 2022, the deliveries of European folding boxboard and white kraftliners to Europe decreased significantly from the previous year. Correspondingly, market prices increased notably. Metsä Board accounted for 33% (34) of the overall deliveries of European folding boxboard producers and for 57% (56) of exports from Europe.

In the United States, the 2022 production volumes of solid bleached board for local consumption increased, and those of food service board increased notably compared to the previous year. The market prices of both solid bleached board and food service boards grew significantly.

Market pulp

Metsä Board and its associated company Metsä Fibre sell mainly long-fibre pulp to Europe, the Middle East, Africa and Asia. In the long run, demand for market pulp will be supported by the global growth in demand for packaging and hygiene products made from renewable materials.

In 2022, the demand for long-fibre market pulp was mainly at a good level in Europe. In China, overall economic activity was weakened by the strict coronavirus measures, but the demand for pulp remained at a good level in view of supply. In the last quarter, demand for market pulp declined in both Europe and China. The global supply for long-fibre market pulp decreased due to several planned and unplanned production shutdowns, as well as challenges in logistics, which eased towards the end of the year. The prices of market pulp (PIX) increased from the previous year in both Europe and China.

■ Key figures

	2022	2021	2020
Sales, EUR million	2,479.6	2,084.1	1,889.5
EBITDA, EUR million	634.6	466.0	321.8
comparable, EUR million	602.8	472.2	315.8
EBITDA, % of sales	24.8	22.4	17.0
comparable, % of sales	24.3	22.7	16.7
Operating result, EUR million	531.5	375.9	227.3
comparable, EUR million	520.7	386.6	221.2
Operating result, % of sales	21.4	18.0	12.0
comparable, % of sales	21.0	18.6	11.7
Result before taxes, EUR million	524.9	365.8	212.3
comparable, EUR million	514.6	376.6	206.3
Result for the period, EUR million	461.3	314.0	170.1
comparable, EUR million	451.4	326.6	165.3
Earnings per share, EUR	1.15	0.82	0.48
comparable, EUR	1.13	0.85	0.46
Return on equity, %	22.5	19.4	12.5
comparable, %	22.0	20.2	12.1
Return on capital employed, %	21.4	18.2	12.6
comparable, %	20.9	18.7	12.2
Equity ratio ¹⁾ , %	66	63	60
Net gearing ¹⁾ , %	4	-4	17
Interest-bearing net liabilities/comparable EBITDA	0.2	-0.2	0.7
Shareholders' equity per share ¹⁾ , EUR	5.86	4.78	3.89
Interest-bearing net liabilities ¹⁾ , EUR million	94.5	-78.4	235.5
Total investment, EUR million	304.1	220.2	166.4
Net cash flow from operations, EUR million	232.0	329.6	307.7
Personnel ¹⁾	2,248	2,389	2,370

¹⁾ at the end of the period

■ Delivery and production volumes

1,000 t	2022	2021	2020
Delivery volumes			
Folding boxboard	1,208	1,296	1,223
White kraftliner	609	627	587
Metsä Board's market pulp ¹⁾	503	496	521
Metsä Fibre's market pulp ²⁾	717	762	696
Production volumes			
Folding boxboard	1,272	1,272	1,249
White kraftliner	605	634	591
Metsä Board's pulp ¹⁾	1,409	1,362	1,371
Metsä Fibre's pulp ²⁾	731	747	702

¹⁾ Includes chemical pulp and high-yield pulp (BCTMP).

²⁾ Equal to Metsä Board's 24.9% holding in Metsä Fibre.

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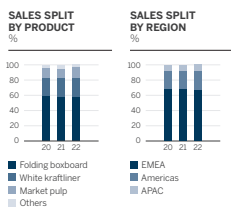
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■ Sales and result

Metsä Board's sales were EUR 2,479.6 million (2,084.1). Sales increased due to the higher average prices of paperboards and market pulp.



The comparable operating result was EUR 520.7 million (386.6), and the operating result was EUR 531.5 million (375.9). Items affecting comparability totalled EUR 10.8 million in the financial period. They comprised EUR 19.2 million from the sale of the share capital in Hangö Stevedoring Ab; a EUR 6.5 million capital gain from the sale of a land area unrelated to business operations; EUR -5.5 million from the restructuring of customer service and supply chain management; a EUR 2.8 million capital gain related to the divestment of shares; a EUR -1.0 million impairment recognised for the Russian operations; a EUR -10.5 million impairment recognised for the Russian operations of the associated company Metsä Fibre; a EUR -1.2 million impairment recognised in the assets of Metsä Fibre's Kyrö sawmill, and EUR 0.3 million for other items.

The comparable operating result improved especially due to the higher average prices of paperboard. Higher market pulp prices and the sales of by-products from pulp production also improved the operating result. On the other hand, the lower paperboard delivery volumes weakened the operating result.

Exchange rate fluctuations, including hedges, had a positive impact of EUR 57 million on the operating result compared to the comparison period. Costs increased rapidly especially in chemicals, energy and logistics. In chemicals, price increases were particularly notable for caustic soda, peroxides, starch and latexes. Energy costs were driven especially by higher electricity prices. Logistics costs increased due to the limited availability of transport capacity and higher fuel prices. Wood costs increased because of the rise in wood prices and harvesting and transport costs. In the paperboard business, profitability was weakened by higher pulp prices, but the

overall impact of pulp on Metsä Board's result was markedly positive. The general cost inflation also affected fixed costs. In 2022, inflation accounted for approximately 20% of Metsä Board's overall costs.

Unused emissions allowances were sold for a total of approximately EUR 29 million during the year (1-12/2021: EUR 21 million).

The associated company Metsä Fibre's share of Metsä Board's comparable result in January-December was EUR 174.7 million (123.0). Metsä Fibre's profitability improved thanks to higher sales prices and the US dollar strengthening against the euro, which also compensated for the strongly increased production costs.

Financial income and expenses totalled EUR -6.6 million (10.0), including foreign exchange rate differences from accounts receivable, accounts payable, financial items and the valuation of currency hedging instruments, totalling EUR -5.0 million (2.3). A total of EUR 8.2 million of interest expenses for ongoing investments were capitalised in investment costs.

The result before taxes was EUR 524.9 million (365.8). The comparable result before taxes was EUR 514.6 million (376.6). Income taxes amounted to EUR 63.5 million (51.8).

Earnings per share were EUR 1.15 (0.82), and comparable earnings per share were EUR 1.13 (0.85). The return on equity was 22.5% (19.4), and the comparable return on equity was 22.0% (20.2). The return on capital employed was 21.4% (18.2), and the comparable return on capital employed was 20.9% (18.7).

■ Business development

Paperboard sales

Metsä Board's paperboard deliveries in January-December totalled 1,817,000 tonnes (1-12/2021: 1,922,000).

In the comparison year 2021, paperboard delivery volumes were at a record high and occasionally exceeded Metsä Board's production capacity. The demand for paperboards remained exceptionally high in the first half of 2022, but normalised in the second half of the year. The change in demand for paperboards in the latter part of the year was driven by the decreasing demand for consumer products and the inventory adjustments in the value chain.

In the first half of the year, Metsä Board intentionally increased its very low inventories, partly in preparation for the investment shutdown of Husum folding boxboard in the autumn 2023.

The folding boxboard volumes previously directed to Russia were successfully reallocated to new markets. In 2021, around 130,000 tonnes of folding boxboard were delivered to Russia.

The sales of dispersion coated barrier board, produced in Kyrö folding boxboard mill, has been rapid. Metsä Board estimates that in 2023 roughly half of the mill's production volume will be dispersion coated barrier board.

The prices of paperboards continued to increase in the fourth quarter. In 2022, the average prices of Metsä Board's paperboards in euros increased by approximately 25% from the previous year. The strengthening of the US dollar against the euro contributed to the increase.

Market pulp sales

Metsä Board's market pulp deliveries totalled 503,000 tonnes (496,000) in January-December, the EMEA region accounting for 72% (66), and the APAC region for 28% (34).

The associated company Metsä Fibre's overall paperboard deliveries totalled 2,880,000 (3,058,000) tonnes, of which 54% was delivered to the EMEA region, 43% to the APAC region, and 3% to the Americas. Metsä Board holds 24.9% of Metsä Fibre.

Paperboard, pulp and BCTMP production

The production volume of paperboard totalled 1,877,000 tonnes (1,906,000), while the combined production volume of pulp and BCTMP amounted to 1,409,000 tonnes (1,362,000). Paperboard production was restricted in the latter part of the year to meet demand. The combined production volume of pulp and BCTMP was at a record high in 2022.

In 2021, a fire broke out on the chip conveyor of the Husum pulp mill, closing Husum's pulp production for around four weeks. Paperboard production was run at a lower-than-normal capacity following the pulp mill's shutdown. The production losses resulting from the fire amounted to roughly 50,000 tonnes in pulp and roughly 30,000 tonnes in paperboard.

Corporate transactions

On 1 January 2022, Metsä Board acquired all the shares in Hämeenkyrön Voima Oy held by Pohjolan Voima Oyj and DL Power Oy, part of Leppäkoski Group. The company was merged with the parent company in the third quarter. The arrangement will not have a significant impact on Metsä Board's key financial figures.

The share capital of Metsä Board's subsidiary Oy Hangö Stevedoring Ab was sold to Euroports Finland Oy on 31 March 2022. The company recognised a capital gain of EUR 19.2 million in its January-March operating result as an item affecting comparability.

Impacts of Russia's war in Ukraine

Russia's attack on Ukraine in early 2022 has had an impact on Metsä Board's business operations. In 2021, Russia accounted for 5.6%, and Ukraine for 0.7%, of Metsä Board's sales. Folding boxboard deliveries to Russia were approximately 130,000 tonnes in 2021, mainly to multinational brand owners. In March 2022, Metsä Board discontinued its sales to Russia, and reallocated the delivery volumes to its main markets Europe and North America.

Metsä Group, responsible for Metsä Board's wood procurement, discontinued its wood procurement from Russia in March and focused it on Finland and Sweden. In 2021, Russian wood accounted for approximately 9% of Metsä Board's wood supply. Imports from Russia have been mainly birch wood, for which the market situation has tightened throughout Metsä Group's operating area.

In May, Russia halted natural gas supplies to Finland. Prior to this, Metsä Board's Joutseno BCTMP mill and the Tako and Kyrö paperboard mills used natural gas imported from Russia in their production. Despite the halt to deliveries from Russia, the mills have been supplied with natural gas without disruption. Natural gas has also been replaced by oil, and during the first quarter in 2023, the company will have the readiness to use LNG

in its Kyrö and Joutseno mills. Constraints in the availability of alternative energy sources could affect the continuity of Metsä Board's production. In the long term, by the end of 2030 at the latest, Metsä Board's target is that all the energy it uses will be fossil free.

Impacts of COVID-19

The pandemic shifted consumption from services to goods and increased the consumption of products used at home. Metsä Board's paperboard product portfolio responded well to the changes in demand resulting from the pandemic, and strong cash flow supported the financial flexibility. Metsä Board's production and deliveries ran smoothly during the pandemic.

Most of the strict precautionary measures adopted at Metsä Board's production and office units during the pandemic were mainly completely lifted during the second half of the year. The company continues its efforts to ensure the health of employees, prevent the spread of the virus and secure business continuity. The situation is monitored continuously, and local precautionary measures can be quickly initiated if required. From 2023 onwards, the development of the COVID-19 and its effects will only be reported if they have a material impact on Metsä Board's business or financial situation

■ Cash flow

Net cash flow from operations in January-December 2022 was EUR 232.0 million (1-12/2021: 329.6). Working capital increased by EUR 151.4 million (decreased of 49.5). The increase in working capital derived from the increase in paperboard inventories, a rise in inventory value due to cost inflation, and the increase in trade receivables resulting from the higher prices of finished products.

■ Balance sheet and financing

Metsä Board's equity ratio at the end of the financial period was 66% (31 December 2021: 63) and the net gearing ratio was 4% (-4). The ratio of interest-bearing net liabilities to comparable EBITDA in the previous 12 months was 0.2 (-0.2).

At the end of the financial period, interest-bearing liabilities totalled EUR 453.0 million (31 December 2021: 448.6). Non-euro-denominated loans accounted for 2.0% of loans and floating-rate loans for 13.9%, the rest being fixed-rate loans. The average interest rate on liabilities was 2.2% (2.3), and the average maturity of non-current liabilities was 4.0 years (4.7). The interest rate maturity of loans was 36.1 months (45.3).

At the end of the financial period, interest-bearing net debt totalled EUR 94.5 million (31 December 2021: -78.4).

Metsä Board's liquidity has remained strong. At the end of the financial period, the available liquidity was EUR 556.0 million (31 December 2021: 916.0), consisting of the following items: liquid assets and investments of EUR 356.2 million and a syndicated credit facility (revolving credit facility) of EUR 200.0 million. Of the liquid assets, EUR 338.6 million consisted of short-term deposits with Metsä Group Treasury, and EUR 17.6 million consisted of cash funds and investments. Other interest-bearing receivables amounted

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to EUR 2.4 million. In addition to items reported as liquidity, the liquidity re-serve is complemented by Metsä Group's internal un-drawn short-term credit facility of EUR 150.0 million and undrawn pension premium (TyEL) funds of EUR 227.6 million.

The fair value of other non-current investments was EUR 345.4 million at the end of the financial period (31 December 2021: 181.0). The change in value was related to the increase in the fair value of Pohjolan Voima Oyj's shares, which was caused by updating the long-term electricity price forecast used in the share valuation model.

At the end of the financial period, an average of 8.5 months of the net foreign currency exposure was hedged, including the hedging of the balance sheet position of trade receivables and trade payables.

Metsä Board has investment grade credit ratings by S&P Global and Moody's Investor Service. In December 2022 Moody's upgraded Metsä Board's rating to Baa2 (was Baa3), with stable outlook (was positive). The company's rating by S&P Global is BBB-, with a stable outlook.

Investments

Investments during the financial period totalled EUR 304.1 million (1-12/2021: 220.2), with growth and development investments accounting for 74%, acquired business operations for 10%, and maintenance investments for 16%. Out of total investments, the company's own property, plant and equipment amounted to EUR 278.1 million (216.1), and leased property, plant and equipment to EUR 26.1 (4.1). In the latter, the most significant item was the machinery and equipment for the boiler plant from the acquisition of Hämeenkyrön Voima Oy, totalling EUR 18.0 million.

Renewal of the Husum pulp mill

Metsä Board initiated the first phase of the renewal of the Husum pulp mill in 2019. The first phase included a new recovery boiler and turbine. By the end of the financial period, the investments made in the project totalled EUR 370 million. The total investment value of the first phase is estimated to be EUR 380 million.

The new recovery boiler and turbine will increase the pulp mill's electricity production, which will improve the energy self-sufficiency of the integrated mill and bring Metsä Board closer to its goal of completely fossil free production by 2030. The new recovery boiler and turbine will also reduce the energy and maintenance costs of the integrated mill, improve production efficiency and shorten the duration of annual maintenance works. The investment is expected to improve Metsä Board's annual cash flow by approximately EUR 35 million, of which at least half is expected to be realised in 2023.

The plan is to replace the current fibre lines with a new fibre line during the second phase of the investment, later in the 2020s.

Development programme of the Kemi paperboard mill

In 2021, Metsä Board initiated the development programme for the Kemi paperboard mill, which will increase the mill's annual white-top kraftliner capacity by around 40,000 tonnes. The company estimates that investment value of the programme, originally EUR 67 million, will be higher due

to, among other things, rapid cost inflation. The investments will take place in 2021-2023.

The programme includes a series of modernisation and bottleneck investments in the paperboard production line. As part of the programme, Metsä Board will also buy a modernised production line for unbleached pulp from Metsä Fibre. The production line's annual capacity is roughly 180,000 tonnes. The development programme will reduce the mill's water use by 40% and energy use by 5% per tonne of paperboard produced.

Increasing the production capacity of folding boxboard in Husum

Metsä Board will increase its annual production capacity of folding boxboard by 200,000 tonnes at the Husum integrated mill in Sweden. Following the investment, the production capacity of folding boxboard of the BMI will be 600,000 tonnes per year. The value of the investment is approximately EUR 210 million. It will take place in 2021-2024, mainly in 2022 and 2023.

The investment is expected to increase Metsä Board's annual sales by approximately EUR 200 million and improve annual comparable EBITDA by approximately EUR 50 million. The company expects to achieve the growth and improved result in full in 2026.

Due to the growing logistics volumes of the Husum integrated mill, the port concept will also be renewed. The value of the investments still partly being planned is EUR 20-30 million. The investments mainly target new warehouse capacity, expected to be completed in 2023.

Pre-engineering for new folding boxboard mill in Kaskinen

In autumn 2022, Metsä Board launched pre-engineering for a new folding boxboard mill with an annual capacity of approximately 800,000 tonnes in Kaskinen. The pre-engineering includes technical design, infrastructure and logistics solutions, and tendering for the main equipment. In addition, an environmental impact assessment (EIA) and an environmental permit process are ongoing. A potential investment decision could be made in 2024 at the earliest.

Metsä Fibre's Kemi bioproduct mill

Metsä Board's associated company Metsä Fibre is building a new bioproduct mill in Kemi. The mill is expected to be completed in 2023. The new bioproduct mill will produce annually some 1.5 million tonnes of softwood and hardwood pulp as well as other bioproducts.

The pulp production capacity includes the existing pulp production line for unbleached pulp used in the production of white kraftliner, with an annual capacity of roughly 180,000 tonnes. The new mill will replace the current pulp mill in Kemi, with an annual capacity of about 610,000 tonnes.

The bioproduct mill will not use any fossil fuels, and its electricity self-sufficiency will be 250%.

The estimated investment value of Metsä Fibre's bioproduct mill is EUR 2.02 billion (interim report for January-September 2022: EUR 1.85 billion). The financing of bioproduct mill is composed of internal financing and debt. Metsä Board will not invest equity in Metsä Fibre to finance the project.

R&D and innovation

In Metsä Board's R&D, ensuring and developing the recyclability and compostability of paperboards is of key importance. In the fibre-based packaging material circular economy, the company's task is to provide the market with premium fresh fibre paperboards as resource-efficiently as possible, contribute to the replacement of fossil-based materials and reduce the carbon footprint of packaging.

The company continues to focus on reducing the weight of paperboard and developing recyclable protective coatings for use in food packaging. The weight reduction of paperboards plays a key role in the pre-engineering of the Kaskinen folding boxboard mill, which aims for world-class resource efficiency and a product that enables a reduced carbon footprint. The mill is designed to run fully fossil free production with notably lower wood, energy and water consumption per tonne of folding boxboard produced compared to currently operating production units.

In the biobarrier programme launched in 2021, the company continued to study new alternative products for reducing plastic. Several potential products are being tested in the laboratory, and some have proceeded to production testing.

In 2022, Metsä Board's 360 Services system was used actively to strengthen customer relationships. The Excellence Centre in Äänekoski hosted 45 packaging development workshops.

The production of Metsä Group's 3D fibre product began in May 2022 at Metsä Group and Valmet's demo plant in Äänekoski. The products are pressed into their final form using brand new technology. The renewable and recyclable product is a good alternative to plastic in food packaging, for example.

In 2022, Metsä Board's research and development expenses totalled EUR 6.1 million (6.0), or 0.2% (0.3) of sales. The costs include direct expenses, excluding depreciations and operational investments.

Disclosure of non-financial information

Business model

Metsä Board is part of Metsä Group, and benefits from Metsä Group's unique value chain, from pure northern fibre to end products. The company produces premium recyclable fresh fibre paperboards, used mainly in consumer product packaging. Metsä Board's eight production units are located in Finland and Sweden, close to its main raw material, high-quality northern wood fibre. The raw wood is sourced centrally through Metsä Group, mainly from Finland and Sweden. The wood is sourced only from forests, in which the regeneration of the forests and biodiversity is safeguarded. This is explained in more detail in the section Environment - Forests and raw materials. Most of the wood purchased in Finland comes from forests owned by Metsäliitto Cooperative's owner-members. In Sweden, the company has a long-term wood delivery agreement with the Swedish forest owner cooperative Norra Skog.

Metsä Board owns 24.9% of its associate company Metsä Fibre. Metsä Board's own pulp production and holding in Metsä Fibre together secure

the company's self-sufficiency in pulp and ensure end products of consistently high quality.

Metsä Board's decision-making is guided by financial and sustainability targets and long-term, responsible growth of shareholder value. Climate change mitigation and efficient use of resources are an integral part of the company's strategy and operational business. Metsä Board's goal is to have fossil free production and products by the end of 2030. Lightweight, recyclable and/or compostable products that are produced resource-efficiently have a low carbon footprint, support the circular economy and offer alternatives to plastics. For example, a Metsä Board cherry tomato box made from paperboard has a carbon footprint up to 80% lower than a box made from recycled plastic, according to an independent study (Source: Natural Resources Institute Finland). Meeting ambitious targets will require investments, operational development and introduction of new solutions. For more information on sustainability targets, see the section on Material aspects related to non-financial information.

Sustainability governance

Work at Metsä Board is guided by Metsä Group's Code of Conduct, complemented by policies concerning personnel, equality, environmental matters, competition law and information security, among other things. All Metsä Board mills apply quality, occupational health and safety, environmental and energy efficiency management systems as well as the management and monitoring system required by food safety.

At Metsä Board, the realisation of sustainability is supported and monitored by the company's Board of Directors, CEO and Corporate Management Team. Sustainability is incorporated into the company's strategy, long-term business and investment plans, risk assessments and annual action plans approved by the company's Board of Directors. The Board discusses and approves sustainability topics presented by the CEO, such as sustainability targets and related investment plans, and monitors their implementation. Sustainability topics are regularly discussed by Metsä Board's Corporate Management Team and Board of Directors several times a year. The CEO is responsible for implementing sustainability measures in accordance with the instructions given by the Board of Directors. The SVP, Development, is responsible for research and development, business development and sustainability, and participates in Metsä Group's Sustainability Process Management Team and reports on the realized results of the sustainability measures to the Sustainability Process Management Team quarterly. Each Metsä Board employee's performance bonus target includes a measurable sustainability target, which is defined on a person- or unit-specific basis based on the job function. In 2022, the management's sustainability targets included occupational safety, reduction of energy and water use, sustainability cooperation with customers and development of sustainable products. For a more detailed description of sustainability management and the link between sustainability and remuneration, see Metsä Board's Sustainability Report 2022 pages 20-21.

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Reporting principles and data quality

The reporting of non-financial information covers the entire Metsä Board Corporation, including all companies in which Metsä Board directly or indirectly holds more than 50% of the votes. Metsä Board owns 24.9 per cent of its associated company, Metsä Fibre, and financial reporting includes a share of Metsä Fibre's result corresponding to this holding. In non-financial reporting, this ownership share of Metsä Fibre's sustainability information is not included in Metsä Board's sustainability information, with the exception of Metsä Fibre's Scope 1 and Scope 2 emissions, which are taken into account in Metsä Board's value chain emissions (Scope 3). Environmental data are compiled from the operations of the production units. Personnel data are compiled for all Metsä Board employees.

In addition to Metsä Board's own operations, the reporting covers indirect greenhouse gas emissions from the purchased energy (Scope 2) and from the rest of the value chain (Scope 3), including upstream and downstream emissions in the GHG Protocol's emission categories identified as significant in the calculation. More information can be found in the Environment - Climate and energy section. Metsä Board also reports indicators on the sustainability performance of its suppliers. A more detailed description of the reporting principles can be found in Metsä Board's Sustainability Report 2022 on pages 66–67.

All data included in the tables pertaining non-financial information and the EU taxonomy have been assured (limited assurance) by an independent third party PricewaterhouseCoopers Oy. The assurance was performed in accordance with the international assurance standards ISAE 3000 (Revised) and ISAE 3410. The assurance report is published in Metsä Board's Sustainability Report 2022 on page 68.

Material aspects related to non-financial information

Promoting sustainability includes complying with good corporate governance, carrying social and environmental responsibility, respecting business ethics and human rights, and continuous improvement in all these areas. In addition to its own operations, Metsä Board requires sustainability from its supply chain. Metsä Board's sustainability targets cover the environment, social responsibility and governance. These and other key performance indicators are summarized in the table Non-financial key figures. The targets are based on Metsä Board's business strategy, Metsä Group's strategic sustainability targets and a materiality analysis completed in 2018. The materiality analysis considered the impacts of the Metsä Board

and the entire Metsä Group's operations on society and the environment, and stakeholder perspectives. According to the materiality analysis, the material sustainability topics were: safety at work, local and social impact, sustainable forest management, resource efficiency, renewable energy, emissions to air and water, water use, circular economy and new bioproducts, responsible supply chain and product safety.

The materiality analysis and material topics were updated in 2022. The identification of material sustainability topics was based on sustainability frameworks and standards, regulatory requirements, trends, and interviews with internal and external stakeholders. The identified topics were prioritized in a management's workshop, where the significance of their positive and negative impacts on Metsä Board and the entire Metsä Group's business, the surrounding society, people and nature (the so-called "double materiality") was assessed. Metsäliitto Cooperative's Board of Directors confirmed the material topics and the sustainability 2030 targets in the beginning of the year 2023. Metsä Board will report in accordance with the updated material topics and clarified sustainability targets starting from the reporting of 2023 data.

Risks related to non-financial information

The risks related to environmental, personnel and social issues, respect for human rights as well as the anti-corruption and anti-bribery activities are described in more detail in the Board of Directors' Report in the section Most significant risks and uncertainties. The key risks are related to climate change and biodiversity loss, which at Metsä Board in particular affect the use of forests, energy and water. For these, the company has sustainability targets by the end of 2030, and their achievement is regularly monitored. The achievements are reported in the table Non-financial key figures. Metsä Board reports on climate-related risks and opportunities in accordance with the recommendations of TCFD (Task Force on Climate-related Financial Disclosures). Climate risks are divided into 1) transition risks, i.e. the risks arising from the transition to a low-carbon economy and 2) physical risks, which involve changes in temperatures and precipitation, and which will arise if climate change is not mitigated. A table of the TCFD-compliant reporting is published on pages 64–65 of Metsä Board's Sustainability Report 2022 and the TCFD-compliant risks and opportunities related to climate change and biodiversity loss are described on pages 36–37.

Non-financial key figures

	2022	2021	Target 2030
Environment			
Share of certified wood fibre, %	83	83	>90
Traceability of raw materials, % of total purchases	97	98	100
Share of fossil free raw materials and packaging materials, % of dry tonnes	99.3	99.2	100
Direct fossil-based CO ₂ emissions (Scope 1), t	236,039	256,467	0
Indirect fossil-based CO ₂ emissions (Scope 2, market-based), t ¹⁾	147,061	184,028	0
Indirect fossil-based CO ₂ emissions (Scope 2, location-based), t ²⁾	291,482	313,030	0
Indirect fossil-based CO ₂ e emissions (Scope 3), t ³⁾	1,816,979	1,854,840	
Share of target group suppliers who have set SBTi targets (Scope 3), % ⁴⁾	15	16	
Share of fossil free energy (Scope 1 + 2, market-based), %	87	85	100
Improvement in energy efficiency from 2018 level, % ⁵⁾	+2.7	+4.3	10
Reduction in the use of process water per produced tonne compared to 2018 level, % ⁶⁾	-12.2	-12.6	-30
Utilisation of production side streams, %	99.9	99.8	100
Social responsibility and personnel			
Total Recordable Injury Frequency (TRIF) per million hours worked ⁷⁾	6.7	9.8	0
Lost-time accident frequency (LTAF) per million hours worked ⁸⁾	5.4	7.0	0
Share of women in executive management (Vice President or higher) by 2025, % ⁹⁾	25.0	19.2	25
Diversity, equality and inclusion e-learning completion rate, % ¹⁰⁾	98	97	100
Women's total earnings compared to men's total earnings for white-collar/blue-collar ⁹⁾	0.95/0.94	0.92/0.93	1.0
Anti-corruption, anti-bribery and corporate culture			
Code of Conduct e-learning completion rate, %	100	99	100
Ethics index of the ethics barometer, % ¹⁰⁾	85	-	100
Suppliers' commitment to the Supplier Code of Conduct, % of total purchases	99	98	100
Supplier background check passed, % of total purchases	96	92	100
Supplier sustainability assessment passed, % of total purchases	63	54	100

- 1) The 2021 figure for market-based Scope 2 emissions has been revised from the previously reported 173,371 tonnes to 184,028 tonnes.
- 2) The amount of location-based Scope 2 emissions is affected by the average energy distribution of Metsä Board's production countries. The figure for 2021 has been corrected from 306,555 tonnes to 313,030 tonnes.
- 3) 70% of the non-fibre suppliers and logistics operators related to customer deliveries, measured as a share of our total purchases, would set themselves targets in accordance with the SBTi by 2024.
- 4) The 2021 figure for energy efficiency improvement has been revised from +1.9% to +4.3%, as previously reported.
- 5) The 2021 figure for the reduction of process water use has been revised from -13.5% to -12.6%, as previously reported.
- 6) The former subsidiary Hango Shredding is included in the figures until the end of February 2022.
- 7) The 2021 figure for the share of women in executive management has been revised from 16.1% to 19.2%.
- 8) The former subsidiary Hango Shredding is included in the 2021 figure.
- 9) Weighted average of women's total salary compared to men's total salary in the same job grade. Includes 98% of white-collar personnel.
- 10) The previous ethics barometer was conducted in 2020 (ethics index: 85%). In 2021, we implemented the selected development actions based on the results of the previous ethics barometer.

Environment

Metsä Board's operations related to environment follow the following policies, principles and management systems:

- Metsä Group's Code of Conduct
- Metsä Group's Supplier Code of Conduct
- Metsä Group's Environmental Policy
- Metsä Group's principles of environmental management
- Metsä Group's principles for forest use and management
- ISO 9001
- ISO 14001
- ISO 50001
- PEFC (License code: PEFC/02-31-92)
- FSC® (License code: FSC®-C001580)
- UN Global Compact

Forests and raw materials

Metsä Board's wood supply is carried out by Metsä Group's wood supply and forest services. The wood fibre's sustainability and traceability are ensured by practices which meet the requirements of the PEFC Chain-of-Custody and FSC® Chain-of-Custody systems. These practices are assessed annually through Metsä Group's internal audits and third-party audits. These audits monitor environmental and social responsibility issues in the operations of wood suppliers and harvesters, as well as the traceability of wood fibre in our own processes.

Metsä Board aims for certified wood to account for at least 90% of all the wood fibre used by the company by 2030. In 2022, 83% (83) of the wood fibre came from PEFC- or FSC-certified forests and 17% (17) met the requirements for PEFC or FSC controlled wood. Metsä Group's wood supply and forest services have targets for the end of 2030 to increase the amount of carbon sequestered in forests and wood products and to safeguard forest biodiversity. Metsä Group regularly monitors indicators such as the increase of forest management services that promote carbon

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sequestration and the prevalence of high biodiversity stumps and retention trees that improve forest biodiversity. For more information on these, see Metsä Board's Sustainability Report 2022 pages 26–29.

Regarding other raw materials, the systematic collection of origin data continues to be developed. In 2022, the origin, at least the country of manufacture, was known for 97% (98) of the total purchases of raw materials and packaging materials, including fully traceable wood. The proportion of fossil free raw materials, including the packaging materials of the company's own products, was 99.3% (99.2).

Climate and energy

Metsä Board's targets for reducing greenhouse gas emissions are approved by the Science Based Targets initiative (SBTi) and are in line with the Business Ambition for 1.5°C commitment. Metsä Board aims to use only fossil free energy by the end of 2030. In essence, this refers to a situation in which the company's mills do not use fossil fuels or purchase energy generated with fossil fuels, meaning that the target for fossil-based CO₂ emissions (Scope 1 and Scope 2, market-based) is zero.

In 2022, 87% (85) of the energy used by Metsä Board was fossil free. The company has reduced its fossil-based CO₂ emissions (Scope 1 and 2) per tonne produced by 33% in 2018–2022. To achieve the fossil free target, the company has drawn up an investment and action plan applicable to all its mills. In 2022, the new recovery boiler and the turbine at the Husum pulp mill started up, increasing bioenergy production and improving the electricity self-sufficiency of the entire integrate. Other key measures during the year included the reduction of peat use at the Simpele mill and the investment decision to replace the turbine and generator at the Kyro mill's biopower plant in 2022–2024.

Despite the end of natural gas supplies from Russia, Metsä Board's Joutseno, Kyro and Tako mills have been operating without disruptions. Natural gas has been partially replaced by oil and the Kyro and Joutseno mills are ready to switch to LNG in the first half of 2023. The use of substitute energy sources will not slow down Metsä Board's target of a phased transition to completely fossil free energy (Scope 1 and 2) by the end of 2030.

The fossil free production target is supported by energy efficiency improvements, where the company aims to achieve at least a 10% improvement in 2018–2030. In 2022, energy efficiency improved by 2.7% (4.3) compared to 2018. The change compared to corresponding year was due to the adjustment of production to meet demand at the end of 2022. Key measures to improve energy efficiency in 2022 included an investment in a lamella separator for the chemical purification of water used as process water at the Kyro mill, as well as the introduction of a heat exchanger and utilization of waste heat in the debarking plant of the Simpele mill. Both measures reduce raw water intake and the need for water heating, thus reducing water and energy use.

For the value chain (Scope 3), Metsä Board's Science Based Target is that 70% of its non-fibre suppliers and of the logistics operators related to its customer deliveries, measured as a share of the company's purchasing costs, set themselves targets in accordance with SBTi by 2024. The recommendation to set SBTi targets is included in Metsä Group's Supplier Code of Conduct and is discussed in supplier meetings. By the end of 2022, 15% (16) of the suppliers in Metsä Board's SBT target group had set a target. In 2023–2024, Metsä Board will update its value chain related emission

reduction targets and also set a land use related emission reduction target, the so-called FLAG target.

Value chain emissions (Scope 3) account for 83% of Metsä Board's fossil greenhouse gas emissions. Scope 3 emissions are calculated for all GHG Protocol's emission categories identified as significant, including purchased goods and services, capital goods, fuel- and energy-related activities (not included in Scope 1 or Scope 2), transportation to Metsä Board's sites, waste generated in operations, transportation to customers, processing of sold products, end-of-life treatment of sold products, and investments. More detailed description of the greenhouse gas emissions from Metsä Board's own operations (Scope 1), purchased energy (Scope 2) and the value chain (Scope 3) can be found in Metsä Board's Sustainability Report 2022 on page 33.

Water use, discharges and side streams

Metsä Board does not source any water from areas of high water stress (WRI Aqueduct Water Risk Atlas). Metsä Board's water use in 2022 was 110 million cubic metres (115), of which 60.2 million cubic metres (59.6) was process water. Surface water accounted for almost 100% of water use. Small amounts of groundwater (0.06% of water use) were used, mainly for hygiene and laboratory purposes. Of all the water used by the company, roughly 96% is returned to the waterbodies after use. The target is to reduce the use of process water by 30% per tonne produced in 2018–2030. In 2022, the reduction was 12.2% (12.6) compared to 2018. To reduce its water use, Metsä Board has defined mill-specific measures to increase the efficiency of water recycling and to reduce raw water intake. The Husum integrated mill accounts for roughly 40% of the company's water use. Therefore, the renewal of the Husum pulp mill will significantly reduce Metsä Board's water use by 2030. Measures related to the reduction of water use in 2022 are explained in the section Environment - Climate and energy.

Metsä Board uses the best available technology in its production and continuously monitors that all its mills operate in compliance with the environmental permits issued to them. In 2022, some exceedings of permit limit values for wastewater discharges were recorded at the production sites. These were reported to the authorities as required and corrective actions were taken at the mills. 99.9% (99.8%) of the production side streams were utilised as materials or energy. The side streams consist of process waste generated in production and by-products such as ash for fertiliser use.

Environmental responsibilities and obligations

Metsä Board has environmental liabilities related to former operations at sites that have since been closed, sold or leased, as well as at decommissioned landfill sites. Financial provisions for the cost of land rehabilitation work have been made where it has been possible to measure the company's liability for land contamination. Metsä Board's environmental liabilities in 2022 totalled EUR 2.0 million (2.7) and its environmental expenses totalled EUR 11.7 million (13.3). The environmental expenses consist mainly of using and maintaining environmental protection equipment, waste management and environmental insurance expenses, and the depreciation of capitalised environmental expenses.

Social responsibility

Metsä Board's operations related to social and personnel matters follow the following policies, principles and management systems:

- Metsä Group's Code of Conduct
- Metsä Group's Supplier Code of Conduct
- Equality Policy
- HR Policy
- Occupational Safety and Well-being instructions
- ISO 45001
- Metsä Group Modern Slavery Act Transparency Statement
- UN Global Compact

Human rights

Metsä Board respects internationally recognised human rights in all its operations, in accordance with the UN Universal Declaration of Human Rights and the International Labour Organisation's (ILO) Fundamental Principles and Rights at Work. The company complies with legal reporting obligations, such as the UK Modern Slavery Act, and does not tolerate child or forced labour. The company is committed to operating in accordance with the UN Guiding Principles on Business and Human Rights and expects its business partners to do the same. Metsä Board supports the UN Global Compact initiative and its principles on human rights, labour, the environment and anti-corruption.

Metsä Board does not tolerate human rights abuses in any form and is committed to ensuring that its operations do not have negative human rights impacts. Human rights issues are addressed, among others, which all employees are required to complete on a regular basis. Such trainings include the Code of Conduct, sustainability, as well as diversity, equality and inclusion.

In the company's own operations, investments in occupational safety as well as the development of diversity, equality and inclusion were key measures affecting the realisation of human rights in 2022.

The Supplier Code of Conduct sets out requirements for suppliers to fulfil their human rights responsibilities. The company mapped potential human rights risks related to its supply chain or customers as part of Know Your Business Partner background checks. In 2022, the company was not aware of any human rights violations related to its operations or supply chain.

Metsä Board is committed to developing an equal culture where personal characteristics such as gender, age, ethnic background, sexual orientation or disability do not affect a person's ability to succeed in the workplace. Metsä Board promotes diversity, equality and inclusion of its employees through the Metsä for All vision, launched in 2021, and through the equality targets. The targets support, among other things, gender equality in the work community and diversity in recruitment. Key performance indicators are reported in the table Non-financial key figures.

Personnel and safety at work

At the end of 2022, the number of full-time equivalent (FTE) employees was 2,248 (31 December 2021: 2,389), of whom 1,226 (1,416) were employed in Finland. In January–December, Metsä Board employed an average of 2,352 people (1–12/2021: 2,461). The changes in the number of employees were mainly due to the sale of Oy Hango Stevedoring Ab to Euroports Oy in the first quarter of 2022. Personnel expenses for

January–December totalled EUR 217.4 million (216.0). Metsä Board aims to ensure the availability and retention of skilled personnel by investing in employer image, development programmes and succession planning. Future retirements are prepared for via retirement forecasts and resource plans based on those. The company also organises apprenticeships training in Finland, aiming to recruit future personnel, and the mill units invest in on-the-job learning and the sharing of know-how. The risks related to staff availability and retention are anticipated through early support discussions and solutions between supervisors and employees, anticipating possible working capacity risks, and targeting guidance and support to risk groups. The company conducts a personnel survey, measuring job satisfaction, and an ethics barometer, measuring the personnel's view on the realisation of the Code of Conduct in practice, in alternate years. The result of the ethics barometer, an ethics index of 85% (2020: 85), shows that there is a high level of awareness of ethical requirements, personnel feel the issue is important and that the company is acting ethically and correctly. There is room for improvement in the equal treatment of personnel and in the culture of having the courage to report and address unethical behaviour.

Metsä Board's aims for an accident-free working environment. In developing occupational safety, the focus is on personal risk assessment, improving safety at work and introducing common safety-at-work standards. The measures contributed to a positive development of work safety at Metsä Board's mills in 2022, but the accident frequency rate is still high compared to the zero target. In 2022, the Total Recordable Injury Frequency (TRIF) was 6.7 (9.8) while the Lost-time accident frequency (LTAIF) was 5.4 (7.0). The most common causes of accidents were injuries to hands. Accidents are prevented through common safety-at-work standards, proactive measures – such as risk assessment, safety observations, safety walkthroughs and safety training – and investments improving safety. All Metsä Board mills and the company's head office apply the 5S method, which aims to increase productivity, safety and wellbeing at work.

Due to the corona pandemic, remote working was extended until summer 2022 for those jobs where possible. From August 2022, a hybrid model was introduced, whereby remote working can take place part of the week, depending on the nature of the work.

Anti-corruption, anti-bribery and corporate culture

Metsä Board's operations related to anti-corruption, anti-bribery and corporate culture follow the following policies, principles and management systems:

- Metsä Group's Code of Conduct
- Metsä Group's Supplier Code of Conduct
- UN Global Compact

Metsä Board expects its personnel to comply with applicable legislation, act with integrity and make ethically sustainable decisions. The Code of Conduct and the related training programme aim to strengthen the culture of doing the right thing, to help personnel identify ethically challenging situations and to encourage them reporting any shortcomings they observe. The company's personnel are required to attend training on the Code of Conduct every three years. By the end of 2022, 70% of the company's personnel had completed the online training on the Code of Conduct published in November 2022. The previous version of the corresponding online training was completed by 100% (99) of the personnel. The Code of

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Conduct also includes a commitment to anti-corruption and anti-bribery. In the ethics barometer conducted in 2022 surveying the implementation of the Code of Conduct in practice, the risk of financial misconduct did not emerge.

Compliance and Ethics channel

Metsä Group has a joint Compliance and Ethics Channel through which personnel and stakeholder representatives can anonymously report any shortcomings they detect. The reporting of such shortcomings is encouraged, for example, in the Code of Conduct online training. All breaches and violations, as well as suspected breaches and violations, brought to the attention of the company are investigated. The Compliance Committee is responsible for guiding and implementing the investigation. In 2022, Metsä Board received a total of 6 (10) cases that led to an investigation. The cases are categorised as fraud or other criminal activity, corruption and bribery, competition law, conflicts of interest, human resources issues, discrimination, privacy and data security, work safety, environment, violations of the Supplier Code of Conduct and other cases. None of the cases resulted in legal proceedings, administrative investigations or fines, nor did they concern corruption, bribery, human rights violations, child or forced labour.

Supply chain

Sustainability of wood procurement is ensured through a process described in the section Environment. The sourcing of other raw materials and services is centralised in Metsä Group, where a Group-wide purchasing process ensures that partners in the Group's supply chain act responsibly. This aims to minimise risks in the supply chain, such as those related to the environment, health, corruption, child labour and human rights violations. Metsä Board's minimum requirement in supply agreements is that suppliers commit to Metsä Group's Supplier Code of Conduct or equivalent supplier-specific principles. In addition, the supply agreements may contain other sustainability requirements. A risk analysis is carried out as a part of the supplier selection process. It considers the suppliers' country and category risks as well as their compliance with the law. Metsä Board conducts third-party due diligence in the Know Your Business Partner background check, which investigates a supplier's background for trade sanctions, money laundering, corruption, human rights violations and other key risks. Metsä Board also has a similar process in place for customers. In addition, the key suppliers and potentially risky suppliers are subject to a sustainability assessment questionnaire. The results of these can be found in the table Non-financial key figures. Metsä Group and external parties audit some of Metsä Board's suppliers each year. Based on the assessments and audit results, suppliers are informed of deviations and recommendations, and suppliers who are expected to improve their sustainability management are followed up. In 2022, Metsä Group conducted 2 (0) audits and external party 14 (17) at the premises of Metsä Board's suppliers. In 2022, Metsä Board continued to improve the traceability of raw materials, such as process, base and coating chemicals, and packaging materials. The aim is to make information on the country of raw material production a more integral part of risk analyses to better target supplier background checks and audits to suppliers in high-risk countries. The identification of risk countries is based on the CPI (corruption perception index), which measures the level of corruption in the public sector in different countries.

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, which lists economic activities that qualify as sustainable in terms of the climate and the environment. The goal of the Taxonomy is to channel money to sustainable investments so that the EU can achieve the ambitious emissions reduction targets it has set for itself.

According to the European Commission, the Taxonomy is under continuous development. The Commission has prioritised the establishment of criteria for economic activities that offer the greatest potential contribution to the climate and the environment. Metsä Board's main business operations, the paperboard and market pulp businesses, are not currently covered by the Taxonomy. The company's Taxonomy-eligible and Taxonomy-aligned economic activities, especially in sales and operating expenses, account for only a minor share. Metsä Board is currently unaware of the schedule and extent to which the Taxonomy's scope may come to cover the company's main economic activities.

Metsä Board's key objectives include the mitigation of global warming and adapting business operations to a low-carbon future. The company aims for entirely fossil free production and products by the end of 2030. In accordance with the principles of the circular economy, Metsä Board focuses in sustainable forest use and resource-efficient processes. In addition, it focuses on minimising waste and emissions and keeping materials in circulation for a long time. Metsä Board's products offer an alternative to products made from fossil-based raw materials.

Taxonomy reporting

The Taxonomy defines six sustainable environmental objectives against which different economic activities are assessed. These environmental objectives are: (a) climate change mitigation; (b) climate change adaptation; (c) the sustainable use and protection of water and marine resources; (d) the transition to a circular economy; (e) pollution prevention and control; and (f) the protection and restoration of biodiversity and ecosystems. For the 2022 financial period, Metsä Board will disclose information on its Taxonomy-eligible and Taxonomy-aligned business operations in terms of the climate objectives, that is, climate change mitigation and climate change adaptation. Business disclosures include the share of sales, capital expenditure and operating expenses.

The Taxonomy-aligned disclosures indicate how the economic activity in question supports the confirmed 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 objectives. In addition, operations must meet minimum social safeguards.

Metsä Board's reporting principles

In its Taxonomy-eligible sales, Metsä Board includes the product and service sales included in Metsä Board's reported sales. The company's Taxonomy-aligned sales include the sale of electricity produced with bioenergy at the Husum pulp mill under category 4.20 Cogeneration of heat/cool and power from bioenergy. Taxonomy-eligible sales under category

4.20 also include the sale of district heat produced at the Simpele and Kyro power plants to neighbouring areas.

Metsä Board includes any additions to tangible and intangible fixed assets in Taxonomy-eligible capital expenditure, including any right-of-use assets recognised based on long-term lease agreements. Taxonomy-aligned capital expenditure includes investments in the renewal of the Husum pulp mill's recovery boiler and turbine under category 4.20 Cogeneration of heat/cool and power from bioenergy. Taxonomy-eligible capital expenditure also includes maintenance investments in the Simpele and Kyro power plants under category 4.20, as well as maintenance investments in the Kaskinen power plant and chemicals recovery facility under category 4.24 Production of heat/cool from bioenergy.

Metsä Board's Taxonomy-eligible 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 expenditure includes both external service costs and the wages, including indirect employee costs, of the company's own personnel responsible for

the listed activities. Taxonomy-aligned operating expenses include operating expenses for the recovery of chemicals and heat at the Husum pulp mill under category 4.20 Cogeneration of heat/cool and power from bioenergy. Taxonomy-eligible operating expenses also include operating costs for the Simpele and Kyro power plants under category 4.20 and operating costs for the Kaskinen power plant and chemicals recovery facility under category 4.24.

To avoid double reporting, external sales have been included in the Taxonomy operations only once. In addition, measures have been adopted to ensure that capital expenditure and operating expenses are kept separate for each operation.

In Metsä Board's opinion, the company meets the Taxonomy's minimum social safeguards, which cover human rights, bribery and corruption, fair competition and taxation. The company has reviewed each of these from two perspectives: the presence of relevant processes and the addressing of infringements. For example, human rights due diligence is described in greater detail under Social affairs and human rights and Anti-corruption and anti-bribery activities and corporate culture.

Proportion of sales from products or services associated with Taxonomy-aligned economic activities

Economic activities	Codes	Absolute sales EUR million	Proportion of sales %	Substantial contribution criteria				DNSH criteria							Enabling activity / transitional activity
				Climate change mitigation %	Climate change adaptation %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned proportion of sales 2022 %		
A. TAXONOMY-ELIGIBLE ACTIVITIES															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
Cogeneration of heat/cool and power from bioenergy	4.20.	1.0	0%	100%			Y	Y	-	Y	Y	Y	0%		
Sales of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1.0	0%	0%	0%								0%	0%	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Cogeneration of heat/cool and power from bioenergy	4.20.	1.8	0%												
Sales of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.8	0%												
Total (A.1+A.2)		2.9	0%										0%	0%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES															
Sales of Taxonomy-non-eligible activities (B)		2,476.7	100%												
Total (A+B)		2,479.6	100%												

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Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Economic activities	Codes	Absolute CapEx EUR million	Proportion of CapEx %	Substantial contribution criteria		DNSH criteria										Minimum safeguards	Taxonomy-aligned CapEx of QoE 2022	Enabling activity / transitional activity
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems							
		EUR million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T				
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
Cogeneration of heat/cool and power from bioenergy		4.20	117.8	39%	100%				Y	Y	-	Y	Y	Y	39%			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			117.8	39%	39%	0%									39%	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Cogeneration of heat/cool and power from bioenergy		4.20	1.0	0%														
Production of heat/cool from bioenergy		4.24	1.9	1%														
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			2.9	1%														
Total (A.1+A.2)			120.7	40%											39%	0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
CapEx of Taxonomy-non-eligible activities (B)			183.4	60%														
Total (A+B)			304.1	100%														

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Economic activities	Codes	Absolute OpEx EUR million	Proportion of OpEx %	Substantial contribution criteria		DNSH criteria										Minimum safeguards	Taxonomy-aligned OpEx 2022	Enabling activity / transitional activity
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems							
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
Cogeneration of heat/cool and power from bioenergy	4.20.	4.2	4%	100%				Y	Y	-	Y	Y	Y		4%			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		4.2	4%	4%	0%										4%	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Cogeneration of heat/cool and power from bioenergy	4.20.	2.2	2%															
Production of heat/cool from bioenergy	4.24.	1.8	2%															
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4.0	4%															
Total (A.1+A.2)		8.2	8%												4%	0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OpEx of Taxonomy-non-eligible activities (B)		99.3	92%															
Total (A+B)		107.4	100%															

Most significant risks and uncertainties

Metsä Board's risk management is systematic and proactive, and it assesses and manages business-related risks, threats and opportunities. Metsä Board's Board of Directors is responsible for the company's risk management and approves its risk management policy. Metsä Board systematically assesses its strategic, operational and financial risks. Key risks are accounted for in the planning processes and they are prepared for with management measures. In addition, the Corporate Management Team reviews the most significant risks as part of its management-team work. Risks that exceed the Metsä Board's risk-bearing capacity have been transferred with insurance, derivatives and other contracts to insurance companies, banks and other counterparties. Significant damage risks are covered with the Group's property and interruption, liability, transport damage and credit insurance policies. Identified risks and the means by which they are managed are reported to the company's Board of Directors and the Board of Directors' Audit Committee at least twice a year. The following risks and uncertainties with a potential impact on Metsä Board's business operations and profitability were identified in the risk assessments carried out in 2022.

Market risks

Development of the world economy

The global economy is marked by uncertainty, and the growth outlook has weakened due to high inflation, tighter monetary policy and capacity issues in global production and supply chains. This situation is caused by many factors, most importantly by Russia's war against Ukraine and its consequences.

Russia's war of aggression in Ukraine has increased global geopolitical tensions, eroded consumers' and companies' confidence in economic development, and accelerated inflation. Especially in Europe, the war and abandonment of Russian energy has caused an energy crisis, which has significantly affected the availability and prices of energy. The impacts of sanctions imposed on Russia and the related counter sanctions as well as the risks arising from the crisis target international production and supply chains, costs and availability of production inputs, the energy infrastructure and cybersecurity.

The war in Ukraine is not expected to end in the short term. In addition, central banks are striving to curb inflation by raising interest rates. These factors may have negative impacts on the economy in the form of weaker growth prospects and a higher risk of recession due to higher interest

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rates, a decrease in real income caused by high inflation, a further decrease in households' purchasing power and an extended energy crisis in Europe. All of these factors may have a negative impact on the demand for Metsä Board's products, business continuity or the company's profitability.

Changes in the operating environment

Metsä Board operates in an industry where the balance between supply and demand, and any changes to it, impact the demand for and prices of end products. New operators entering the market, alternative products or changes in consumer behaviour may have a negative impact on the demand for Metsä Board's paperboards. An increase in competitors' capacity or the expansion of product ranges may lower the price level of end products and negatively affect Metsä Board's profitability. If paperboard imports from Asia and the Americas to Europe increase faster than demand, this may lead to an imbalance in the market situation. Any significant changes in exchange rates may also influence products' market balance and companies' competitiveness.

Changes in regulation, such as the EU's climate and environmental policy and tighter new requirements to limit carbon dioxide, sulphur or other emissions, may weaken Metsä Board's profitability or hamper business continuity. The acceptability of single-use food and food service packaging involves regulatory risks.

Significance of the Chinese market

China is a significant market area especially for Metsä Fibre. China's economic growth has slowed down in recent years due to the country's strict coronavirus policy, problems in the real estate market and tighter business regulation. Increased geopolitical tensions may also influence China's future economic growth. Problems in China's industrial sector may increase the problems and costs of global supply chains. The relations between the EU and China are burdened by bilateral sanctions and differing views on multiple issues. Should the growth of the Chinese economy slow down further or the relations between the EU and China deteriorate, this could affect the demand for market pulp or paperboards on the Chinese market and consequently affect the company's profitability.

International trade restrictions and geopolitical risks

Potential changes in the industrial and trade policies of leading industrialised countries, the materialisation of geopolitical risks or an escalation of geopolitical crises may lead to more extensive trade restriction measures or the use of international sanctions. The possible consequences of these include a further slowdown in the recovery and growth of the global economy and even a curtailment of global trade flows. Any sanctions and restrictions on international trade may affect the demand for Metsä Board's products and the company's profitability.

Pulp market situation

Structural changes in customers' pulp use, increasing competition and new production capacity in the global pulp market may have a negative impact on pulp delivery volumes and market prices and thereby on Metsä Board's profitability. The market price of pulp strengthening (weakening) by 10% would have a positive (negative) impact of roughly EUR 30 million on the company's operating result.

Coronavirus pandemic

The coronavirus pandemic is easing, but may still cause uncertainty in the global economy and Metsä Board's business environment. A prolonged pandemic could reduce the demand for Metsä Board's products and cause disruptions in the company's production or supply chains.

Operational risks

Cost and availability risks of production inputs

Significant or unforeseen changes in the cost of Metsä Board's most important production inputs – wood, energy and chemicals – and any problems with their availability, may reduce profitability, threaten business continuity and put the implementation and life-cycle profitability of planned development investments at risk.

The discontinuation of wood supply from Russia may result in production curtailments at mills, especially due to the availability of birch, affecting the sales of the company's products and profitability. An extended energy crisis and limited availability of natural gas, volatile electricity market prices or changes in the prices of emissions allowances may have a negative impact on profitability.

In addition, the availability of transport capacity and a steep increase in market prices may negatively affect the company's profitability. Changes in exchange rates may also have an effect on the costs of some production inputs. The Group aims to hedge against these risks by making long-term supply agreements and related derivatives contracts.

Sustainability

Promoting sustainability supports Metsä Board's business and its development, but risks also arise from climate change and biodiversity loss in particular. At Metsä Board, these risks involve especially forests as well as the use of energy and water, and if materialised, the risks could have a negative impact on Metsä Board's business. Climate risks are divided into 1) transition risks, i.e., the risks arising from the transition to a low-carbon economy and 2) physical risks, which involve changes in temperatures and precipitation, and which will arise if climate change is not mitigated.

The most important transition risks include increasing regulation, as well as market and reputation risks, if the company fails to effectively respond to the changed market environment. The regulation aiming to combat climate change and reduce greenhouse gas emissions may result in demands for new technology and impact the pricing of energy and greenhouse gas emissions, thereby increasing costs. In addition, safeguarding carbon sinks and the biodiversity of forest nature with increasing regulations causes risks for using forests. The supply and demand of products in a low-carbon economy may also differ from the current situation.

Physical climate risks can be further divided into acute weather phenomena and more permanent changes. Extreme weather phenomena – such as storms, drought and floods – may cause disruptions in production or impede the transport of raw materials and products. In the long term, both an increase in the frequency of droughts and increased precipitation and floods may weaken the availability of the process water needed by mills and result in production suspensions. The risk is mitigated by the fact that all Metsä Board mills are located in northern areas with ample water. As the

climate becomes warmer, the most significant physical risks influencing forests and the availability of wood raw material will be the weakening of harvesting conditions due to shorter winters and increasing insect damage.

The mitigation of climate change and the transition to a low-carbon economy are strongly visible in Metsä Board's sustainability goals. Transitioning to fully fossil free energy in production, abandoning fossil-based raw materials and using energy and water more efficiently are at the core of these objectives. The measures related to the objectives help Metsä Board to manage climate risks. At the same time, they open new opportunities for Metsä Board in the changed operating environment and meet the needs of the circular economy.

Forest protection must be increased to safeguard forest biodiversity, which, in turn, poses risks to wood supply. All wood sourced by Metsä Group comes from sustainably managed forests, and this is verified by certification or controlled in other ways. Metsä Group also implements its ecological sustainability programme in commercial forests jointly with forest owners. The company also has a nature programme for non-commercial forests, which aims to safeguard biodiversity and improve the state of waters in Finland through restoration projects funded by Metsä Group.

Increasing EU regulation poses risks to the commercial use of forests in Metsä Group's wood supply. There are many different vegetation zones in the EU area, and each zone has its own characteristic forests. The forests of each zone, as well as the forest management practices best suited to them, differ from one another. However, EU-based regulation concerning forests in the EU area and their use has become clearly more detailed, treating different areas in a similar way. This trend increases the risk for poorly suited regulation also applying to forests from which Metsä Group obtains raw material.

Concentration of operations in a limited geographical area

Seven of Metsä Board's eight production units are located in Finland, and one of them is located in Sweden. Finland has a history of labour disputes in both the forest industry and the distribution chain of forest industry products. These may have a negative impact on production volumes and customer deliveries and weaken the company's competitiveness and profitability. Labour disputes in Sweden may also damage Metsä Board's production and customer deliveries and have a negative impact on the company's business operations.

Continuity risks

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

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 of time, the resulting financial losses may be very substantial and result in the permanent loss of customers. The

company has prepared continuity and recovery plans in preparation for the realisation of these risks.

Business development

The development and growth of Metsä Board's business requires 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 the paperboard business and the introduction of new production to the market are dependent 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 Board's products and the company's profitability. Increasing sales on a global scale also involves cost and exchange rate risks.

Business is also being developed by modernising production technology, running efficiency programmes, conducting product development, and harmonising business processes. If the costs of development projects and investments are significantly exceeded, their completion is delayed, or their productive or commercial objectives are not met, this could negatively affect the company's profitability.

Business ethics

Business ethics in general, as well as the prevention of human rights violations, conflicts of interest, misuses, corruption, bribery and money laundering, have been identified as requiring continuous development. The company carries out an ethics barometer aimed at the entire personnel every other year. The anonymous Compliance and Ethics Channel and the functioning of the related investigation process are also key tools in the identification and management of compliance-related risks. As part of its ongoing sustainability efforts, the company is developing processes and controls to help identify and more efficiently manage risks related to the sustainability of the supply chain, including trade sanctions, conflicts of interest, irregularities, corruption, bribery, money laundering, taxation and human rights.

Liability risks

Metsä Board's business involves liability risks, such as contractual, environmental and product liability risks. Liability risks are managed by way of efficient business processes, contract training, management practices, quality control and transparent operations. Some of the operational liability risks have been hedged with insurance policies.

Corporate security risks

Risks to corporate security include shortcomings and neglect in personal safety and security and safety at work and in the management of financial misconduct, any negative information manipulation and cyber threats, threats affecting the supply chains, and the adequacy of internal control. Operating processes related to corporate security and the guidelines, training and internal control related to the management of threat factors are developed continuously, and exercises on the management of crisis situations are organised on a regular basis.

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Personnel availability and retention

Metsä Board pays attention to ensuring the availability and retention of competent personnel by means of various personnel development programmes and successor plans, and by investing in its employer image. Metsä Board also prepares for retirements and other personnel risks through the promotion of multiple skills and work ability as well as through job rotation.

Financial risks

Financial and exchange rate risks

As a result of increasing regulation in the financial market, the operations of credit and bond markets may become more difficult, which may impact the company's ability to acquire long-term debt financing at a competitive price. The financial risks are managed in accordance with the treasury policy approved by Metsä Board's Board of Directors. The purpose is to hedge against considerable financial risks, balance cash flow and give the business enough time to adjust to changing conditions.

Metsä Board sells its products in several countries and is therefore exposed to fluctuations in exchange rates. The US dollar strengthening by 10% against the euro would have a positive impact of approximately EUR 100 million on Metsä Board's annual operating result. Correspondingly, the Swedish krona strengthening by 10% would have a negative impact of approximately EUR 50 million. The British pound strengthening by 10% would have a positive impact of approximately EUR 10 million. The impact of weakened exchange rates would be the opposite. The sensitivities do not include the impact of hedging.

Credit risks

The management of credit risks related to commercial operations is the responsibility of Metsä Board's executive management and Metsä Group's centralised credit control. Metsä Board's management determines the limits on credit extended to customers and the applicable terms of payment in cooperation with the centralised credit control. Nearly all credit risks are transferred by means of credit insurance contracts. Excluding Russia, Metsä Board's customer credit risk was at a normal level in 2022. The main principles of credit control are defined in the credit guidelines of the risk management policy approved by the company's Board of Directors.

Metsä Board's financial risks and their management are described in more detail in Note 5.6 to the 2022 consolidated financial statements (Management of financial risks).

Metsä Board's shares and trading

Metsä Board has two series of shares. Each series A share entitles its holder to twenty (20) votes at a General Meeting of Shareholders, and each series B share entitles the holder to one (1) vote. All shares carry the same right to receive a dividend.

The year end closing price of Metsä Board's B share on the Nasdaq Helsinki was EUR 8.77. The share's highest and lowest prices were EUR 10.49 and EUR 7.09, respectively. Correspondingly, the closing price of the A share was EUR 10.15; the share's highest and lowest prices were EUR 10.50 and EUR 7.66, respectively.

In January–December, the average daily trading volumes of the B and A shares on the Nasdaq Helsinki were around 347,200 shares and around 3,400 shares respectively. The total trading volume of the B share was EUR 767 million, and the total trading volume of the A share was EUR 8 million. At the end of 2022, the market value of all Metsä Board shares was EUR 3.2 billion, of which the market value of the B shares and the A shares accounted for EUR 2.8 billion and EUR 0.3 billion respectively.

On 27 October 2022, the Board of Directors of Metsä Board decided to launch a share buyback of company's own shares. The acquisition of the company's own shares started on 28 October 2022 and ended on 11 November 2022. During this period, Metsä Board acquired 1,000,000 B shares for an average price of EUR 7.8225 per share. The own shares were acquired for payment of the Board fees or to implement the company's share-based incentive systems.

On 30 December 2022, Metsäliitto Cooperative announced that its ownership in Metsä Board had exceeded the 50% threshold, and that its holding in Metsä Board was 50.16% of shares and 68.24% of votes. As Metsä Board is an entity controlled by Metsäliitto Cooperative, Metsäliitto Cooperative's ownership also includes the 1,000,000 own shares held by Metsä Board.

Foreign and nominee-registered investors held approximately 14% (14) of all shares.

Governance

Metsä Board's statutory administrative bodies are the Annual General Meeting, the Board of Directors and the CEO. The Board of Directors has general authority and, accounting for the scope and quality of the company's operations, it is responsible for matters that are strategic, far-reaching and unusual in nature, and therefore not part of the company's day-to-day business operations. The company's operational management is handled by the CEO, supported by the Corporate Management Team, the members of which are not members of the Board of Directors. The tasks and responsibilities of the different corporate bodies are determined in accordance with the Finnish Limited Liability Companies Act.

Metsä Board's Board of Directors has nine members, three of whom are women. A majority of Board members (six of nine) are independent of both the company and its biggest shareholders. Three members of the Board of Directors are not independent of Metsäliitto Cooperative. During the 2022 financial period, the Board of Directors held 13 meetings, at which the attendance of Board members was 97% (99 in 2021).

Resolutions of 2022 Annual General Meeting and the Board of Directors' authority to issue shares

The 2022 Annual General Meeting was held on 24 March 2022 in accordance with exceptional procedures. The General Meeting decided to distribute a dividend of EUR 0.41 per share. The dividend payment date was 7 April 2022.

The general meeting resolved that the annual remuneration of the members of the Board of Directors be increased such that the Chair will be paid EUR 99,000, the Vice Chair EUR 85,000 and ordinary members EUR 67,000 per year. In addition, it was decided to keep the meeting fees unchanged at EUR 800 for each attended meeting of the Board of Directors and its Committees. The general meeting resolved that approximately one half of the remuneration is paid in the company's B-series shares to be acquired from public trading. The transfer of such shares is restricted for a period of two years. Further, the Chair of the Audit Committee is paid an additional monthly remuneration of EUR 900.

The General Meeting resolved to approve the Remuneration Report in an advisory vote.

The general meeting fixed the number of Board members to nine (9) members and elected the following persons as members of the Board of Directors: Hannu Anttila, M.Sc (Economics), Rajja-Leena Hankonen-Ny-bom M.Sc (Economics), Erja Hysky M.Sc (Economics), Ilkka Hämsälä, M.Sc. (Technology), Mari Kiviniemi M.Sc.Sc. (Econ.), Jussi Linaranta, M.Sc (Agriculture), Jukka Moisio M.Sc (Economics), Timo Saukkonen M.Sc (Agriculture) and Veli Sundbäck, LL.M. The term of office of the Board members continues until the end of the next Annual General Meeting.

The Annual General Meeting resolved to authorise the Board to decide on a share issue and the issue of special rights entitling to shares as defined in §8 of Chapter 10 of the Companies Act. The authorisation applies to B-shares. By virtue of the authorisation the Board is entitled to issue up to 35,000,000 new B-series shares, including shares to be issued pursuant to rights entitling to shares. The number of shares corresponds to approximately 10% of all current shares. This authorisation is effective until 30 June 2023.

The Annual General Meeting resolved to authorise the Board to decide on the acquisition of the company's own shares. The number of shares to be acquired based on the authorisation shall not exceed 1,000,000 B-shares, which corresponds to approximately 0.3% of all current shares. This authorisation is effective until 30 June 2023.

Near-term outlook

The decline in global economic growth and consumers' purchasing power is causing uncertainty in the market. The visibility of paperboard sales development is weak.

Metsä Board's paperboard delivery volumes in January–March are expected to remain at roughly the same level as in October–December (418,000 tonnes). The average prices for folding boxboard are expected to increase.

The demand outlook for market pulp is uncertain due to global economic developments. In the first quarter, market pulp prices are slightly lower than in the previous quarter. Global supply of long-fibre pulp will be reduced due to the limited availability of raw material in North America. Demand for sawmill products is expected to pick up in the second quarter.

Cost pressure will continue. Following the increase in wood prices and harvesting and transport costs last year, wood costs are expected to increase in the beginning of the year.

With the start-up of the new recovery boiler and turbine in Husum, depreciation in January–March is about EUR 10 million higher than in the previous quarter.

No major annual maintenance shutdowns have been planned at the mills in the first quarter.

Exchange rate fluctuations in January–March 2023, including the impact of hedges, will have a positive impact on the operating result compared to October–December 2022, and a notably positive impact on the operating result compared to January–March 2022.

Board of Directors' proposal for dividend

The distributable funds of the parent company on 31 December 2022 were EUR 609.3 million, of which the retained earnings for the financial year are EUR 398.6 million.

The Board of Directors proposes to the Annual General Meeting to be held on 23 March 2023 that a dividend of EUR 0.58 per share be distributed for the 2022 financial period.

The proposed dividend corresponds to 50% of the earnings per share for 2022. The amount of dividend totals approximately EUR 206 million.

The dividend will be paid to shareholders who are registered in the company's shareholders register held by Euroclear Finland Oy on the dividend payment record date of 27 March 2023. The Board of Directors proposes 5 April 2023 as the dividend payment date.