

# UPM RESPONSIBILITY STATEMENT

This Responsibility Statement (“Statement”) was adopted by the Stakeholder Relations Management Team of UPM-Kymmene Corporation on 24.8.2020 and is valid as of 1.9.2020. References in the Statement to “UPM” or the “Company” are to UPM-Kymmene Corporation and its group companies.



## 1. Purpose and scope

The Statement complements what is stated in the UPM Code of Conduct, with a focus on environmental impacts, energy and resource efficiency, product safety, responsibility in investments, mergers and acquisitions, and engagement with stakeholders and society. The Statement additionally covers responsible sourcing and working conditions, with reference to the respective separate rules governing these areas. The purpose of this Statement is to describe UPM's approach in these matters, defining principles and commitments relevant to all UPM operations. The respective managements are responsible for ensuring that these principles and commitments are observed properly.

UPM's businesses may issue more detailed guidelines and instructions under this Statement.

## 2. Governance

The UPM Code of Conduct, the UPM Biofore Strategy, the UPM 2030 Responsibility Targets as well as the UPM Values form the foundation of the Company's businesses. UPM believes that responsible management of economic, social and environmental issues is vital to achieving long-term business success.

UPM strives to ensure full compliance with the UPM Code of Conduct and other corporate policies. To ensure compliance and mitigate risks, UPM performs risk assessments, provides training, and carries out monitoring at regular intervals.

UPM has defined its Responsibility Targets for 2030 along with specific measures to be taken and performance indicators for monitoring the progress. Monitoring is carried out at least once a year, and targets are updated as deemed necessary. All UPM operations are responsible for committing to the Company's 2030 Responsibility Targets and for setting their own targets in line with and, if relevant, in addition to company-wide targets.

All employees must be made aware of responsibility-related issues in their day-to-day-work. Any action that can potentially affect people or the environment negatively must be considered carefully.

UPM employees shall report any complaints or concerns relating to the violation of the UPM Code of Conduct, related policies or rules or applicable laws to their manager or to a representative of UPM Legal, UPM Human Resources or UPM Internal Audit, or use (also anonymously) UPM's Report Misconduct channel. The channel is also available for external stakeholders to report any violation of law or UPM policies (e.g. UPM Supplier and Third-Party Code). The UPM Report Misconduct channel is operated by an independent external service provider.

References:

- UPM Report Misconduct channel ([link](#))

### 3. Working conditions

The topic is covered in the following documents:

- UPM Human Resources Rules ([link](#))
- UPM Safety Rules ([link](#))

### 4. Responsible Sourcing

The UPM Supplier and Third-Party Code defines the minimum level of performance that UPM requires from all of its suppliers and third-parties, such as agents, advisers, joint venture partners, local partners or distributors acting on behalf of UPM. UPM also requires all its suppliers to promote the same requirements in their own supply chains. All suppliers working on our premises must be introduced to UPM's safety requirements.

There are area-specific requirements for certain materials or services. These include the following:

- All wood sourced for UPM products shall originate from sustainably managed forests and from legal sources and shall be covered by a third-party verified chain of custody. UPM aims to use certified fibre to the highest possible degree and promotes a global increase in the use of certified wood. The company's wood sourcing actions do not cause deforestation, nor do they threaten the rights of indigenous people. UPM does not use genetically modified trees or wood originating from rainforests. UPM additionally expects its wood suppliers to commit to promoting biodiversity.
- UPM requires all its suppliers to be fully compliant with local regulations on chemicals and product safety.

Suppliers shall be assessed systematically and regularly from an economic, social and environmental perspective. When risks are identified, suppliers shall be evaluated in more detail through surveys, supplier audits and/or joint development plans. If any discrepancies are discovered, the supplier shall be required to take corrective measures.

References:

- UPM Supplier and Third-Party Code ([link](#))
- UPM Requirements for Suppliers of Wood ([link](#))
- UPM Requirements for Pulp suppliers ([link](#))

### 5. Environmental impacts

UPM complies with all applicable environmental laws. Deviations from environmental permit limits or obligations as well as other nonconformities must be followed up and reported, both on site and Company level. Measures must be taken to avoid reoccurrence and future deviations.

UPM pays close attention to how its operations impact the air, climate, water, land and biodiversity, aiming to minimise any adverse effects. This means reducing emissions to air and water as well as minimising both non-hazardous and hazardous waste. Through its land use and forest management

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Classification: Public

practices, the Company ensures that it minimises adverse effects and contributes positively to biodiversity and climate.

All operations continuously measure and assess their direct and indirect environmental loads and impacts and promote the use of best available techniques and methods. All operations manage their environmental performance systematically based on the principle of continuous improvement. Chemicals are always handled safely. ISO 14001 environmental management system certification is required for all UPM operations. UPM's Clean Run concept must be implemented in all operations.

### 6. Energy and resource efficiency

UPM uses energy, raw materials, water and other resources in a responsible manner and works to continuously improve its energy and resource efficiency. All operations are expected to design and optimise their processes for maximum energy and resource efficiency, using the best available techniques and methods. The Company promotes a circular economy approach by using materials recovered from production processes and by developing recycling options for side streams and residues of production processes.

### 7. Product stewardship

UPM product stewardship takes into account the entire product lifecycle. UPM ensures that its products are safe for their designed application and meet all applicable regulatory requirements. Product safety must be prioritised by everyone involved, all the way from product development, raw material sourcing and production to delivery, use and disposal.

UPM promotes recyclability through the value chain and the use of recycled content in its products. The Company is committed to replacing potentially hazardous chemicals with safer alternatives wherever this is feasible.

UPM aims to develop products that have positive contribution to society.

### 8. Investments, mergers and acquisitions

In all investments made by UPM, due attention is paid to legal compliance, safety, environmental, social and human rights aspects. The respective impacts are evaluated in line with UPM's internal criteria.

In the case of major investments, both an environmental impact assessment and a social impact assessment must be carried out. If relevant for the investment in question, a more comprehensive safety risk assessment and an in-depth human rights assessment are also conducted. Details are defined in UPM's investment manual.

In all mergers and acquisitions, UPM similarly takes account of legal compliance, safety, environmental, social and human rights aspects as part of its evaluation and decision making.

## 9. Engagement with stakeholders and society

UPM's goal is to be a trusted partner. The Company identifies its relevant stakeholders and their expectations and engages in dialogue with them. UPM is committed to open communication and trust both inside the Company and with its stakeholders (e.g. non-governmental organisations, authorities, politicians or local communities).

UPM provides stakeholders and the public with accurate and reliable information on UPM's environmental and social performance and governance. Environmental product information is available for all UPM products.

Taxes are paid in accordance with local tax laws and regulations in the country in question. UPM pays corporate income taxes in the countries where added value is created and profit is generated.

UPM aims to contribute positively to the economic, environmental and social development of surrounding communities, and to minimise any negative impacts resulting from its current and future operations.

At all its locations, UPM promotes the development of local communities through various projects and initiatives, and discloses its activities openly. The UPM Biofore Share and Care programme consists of sponsorships, donations and employee volunteering within specifically defined focus areas.

### References:

- UPM Rules for Sponsorships, Donations and Employee volunteering ([link](#))
- UPM Tax policy ([link](#))