

## UPM REQUIREMENTS FOR SUPPLIERS OF WOOD

### Purpose

Supplementary instruction to be attached to wood delivery contracts.

### Compliance with applicable Laws

Operations shall be conducted in line with respective legislation of the country of operations regarding silviculture, use of wood, wood harvesting, harvesting rights, rights of the forest owner, rights of the other stakeholders and trading of wood. Special attention must be paid to authorities' instructions concerning environment, biodiversity, protection of nature and species, waste management, employees and operational health and safety. Business activities must be based in the principles of sustainability, responsibility and ethicality. The suppliers shall ensure by legally binding agreements and by other means, if necessary, that its subcontractors and the entire supply chain operate according to these same principles.

### Requirements for Origin of Wood

The origin of the supplied wood must be legal and harvested in line with the respective legislation. The supplier shall be aware of the origin of the wood and identify all the operators in the entire supply chain. The supplier shall inform UPM about the country of origin of the wood and on request more specific information and documentation verifying that the wood fulfils the requirements and EU timber regulation (EU no. 995/2010) and other related legal requirements (EU no. 607/2012) as well as requirements from the authorities responsible for monitoring the compliance of operators. Wood must not be harvested in conflict with traditional rights of the local inhabitants.

The supplier must guarantee that the wood is not from untouched natural forests, illegal fellings, from nature protection areas or protected forests where wood harvesting is prohibited by law or by authority instructions and neither from plantations which have been established replacing natural forests (FSC-STD-40-005 V3-1). Among the supplied wood there are neither species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), nor genetically modified (GMO) wood (FSC-STD-40-005 V3-1).

In case of biofuels the wood must comply with EU sustainability requirements for biomass from Renewable Energy Sources (RES-Directive 2009/28/EC). The supplier shall be able to verify the origin of the wood and its compliance with RES-Directive either by a certification system or by other credible means.

### Compliance with the obligations

*UPM has a right to make audits or issue 3<sup>rd</sup> party to make audits in order to verify that the supplier operates according to these requirements. UPM has the right to terminate the contract or suspend the deliveries that do not comply with the requirements set in this appendix.*

### Glossary

**Wood.** As defined in the EU Timber Regulation (EU 995/2010) as well as wood product, woody biomass, e.g. side products of forest industry, logging residuals and wood chips.

**CITES.** Convention on International Trade in Endangered Species of wild flora and fauna. CITES-act (EC Regulation 338/97) is implemented in the EU by means of a set of regulations known as the EU wildlife trade regulations. EU countries apply rules for the import and export of endangered species of animals and plants, and products derived from them..

**FSC-STD-40-005 V3-1** refers to the FSC "Controlled Wood" standard, setting requirements for sourcing wood from non-FSC certified forests. Controlled Wood –standard is applied in industrial processes where non-certified wood is mixed with FSC certified wood.