

UPM Chapelle Darblay

ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY 2018



UPM Chapelle Darblay

UPM Chapelle Darblay paper mill is located in Grand-Couronne, near Rouen, by the river Seine and approx. 130 km from Paris. Founded in 1927, Chapelle Darblay belongs to UPM Communication papers business area and manufactures newsprint from 100% recycled fibres. The mill consists of one paper machine, two de-inking lines, a Biomass Combined Heat and Power (CHP) plant, a waste water treatment plant as well as a Paper Sorting Center.

For the production of newsprint, Chapelle Darblay recovers 350,000 tonnes of newspapers and magazines per year through 350 contracts with local authorities, representing 24 million people in France. A great part of the recyclable papers is coming from the Paris area and is transported by waterway. Our vicinity to large urban centres enables us to limit greenhouse gas emissions whenever possible.

Environmental issues are an integral part of our everyday operations. Targets are set as part of our annual planning process with our key environmental aspects and impacts identified through our regulatory and business requirements to demonstrate continuous improvement. These targets are followed closely through the year. We implement environmental management system including EMAS to promote improvement of environmental performance.



Production capacity	240,000 t/a graphic papers
Personnel	241
Products	Standard and Improved Newsprint: UPM News, UPM Brite, UPM EcoBasic H, UPM EcoPrime
Certificates	EMAS – EU Eco-Management and Audit Scheme ISO 14001 – Environmental Management System ISO 9001 – Quality Management System ISO 50001 – Energy Management System OHSAS 18001 – Occupational Health and Safety System PEFC™ Chain of Custody – Programme for the Endorsement of Forest Certification FSC® Chain of Custody – Forest Stewardship Council All certificates can be found from UPM's Certificate Finder (available at www.upm.com/responsibility).
Environmental labels	EU Ecolabel
Accreditation	Seine-Normandy Water Agency



UPM Chapelle Darblay Environmental and Societal Responsibility 2018 is a supplement to the Corporate Environmental and Societal Responsibility Statement of UPM's pulp and paper mills (available at www.upm.com) and provides mill-specific environmental and societal performance data and trends for the year 2018. The annually updated mill supplements and the UPM Corporate Environmental and Societal Responsibility Statement together form the joint EMAS Statement of UPM Corporation. The next UPM Corporate Environmental and Societal Responsibility Statement and also this supplement will be published in 2020.

We deliver renewable and responsible solutions and innovate for a future beyond fossils across six business areas: UPM Biorefining, UPM Energy, UPM Rafalac, UPM Specialty Papers, UPM Communication Papers and UPM Plywood. We employ around 19,000 people worldwide and our annual sales are approximately EUR 10.5 billion. Our shares are listed on Nasdaq Helsinki Ltd. UPM Biofore – Beyond fossils. www.upm.com



For more information about FSC certification visit www.fsc.org



For more information about PEFC certification visit www.pefc.org



Review of year 2018

This report gives information on the mill's environmental and societal performances and covers the most significant topics: emissions to air and water, waste and material consumption.

Administrative authorization

UPM Chapelle Darblay operates within a permit delivered by the French Ministry of Environment in 2011. This permit set the limits to be respected regarding air and water emissions. The whole personnel strive at respecting the permit limits. Since end of 2018, the new permit in accordance with the Industrial Emissions Directive is under discussion.

Certified management system

Since many years, Chapelle Darblay is committed to improve Environmental, Health and Safety, Energy and Quality performances. Its management system is integrated daily into operations and anchored in its daily life.

Community

Chapelle Darblay participates in the "Paper Team Normandie" which is a working group that brings together various companies in the Paper / Cardboard sector, and is supported by AFIFOR (Organization training courses for Paper/Cardboard industry). This PaperTeam, created in mid-2018, has implemented two projects: Involvement of the Paperboard Industries during the 2019 industry week, including the organization of an mill open day at UPM on 20/03/2019; Establishment and pooling of certain qualifying courses. An UPM employee is enrolled in the Team Leader training. We also cooperate with schools such as the National School of Wood Technologies and Industries and the Training Center for Learning in Rouen, from where we welcomed a trainee and an apprentice.

UPM participates in the 'Act4nature – Business for biodiversity' initiative. This project, led by EPE (Enterprise for the Environment), supported by many scientists and NGO (non-profit organizations), aims to fight against damage and degradation to biodiversity caused by

our current mode of development. Companies, including UPM, are committed to integrating these issues into their overall strategy and providing solutions. UPM's commitments cover the forest, climate, water management and waste.

The UPM Chapelle site is directly involved in improvement objectives related to the reduction of the quantities of water used and the improvement of the treatment of discharged water.

UPM work groups

One of the UPM value is "Achieve together". Thanks to the cooperation and the experience sharing between the mills, we decided of actions to improve environment, health and safety. As an example, Chapelle has participated to an energy and a safety work groups with colleagues from England and

Scotland and on an environmental work group with colleagues from Finland.

Environmental performance

Environmental incidents are recorded in a global database. They are categorized from 1 (insignificant) to 5 (serious impact to environment). In 2018 as in 2017, we did not have any category 4 incidents and we reduce by 50% the number of category 3 incident (1 in 2018). Proactive reports (68 in 2018) are a part of the improvement process; prevention and root causes analysis and action plan where appropriate.

Health and safety performance

The same global database is used to record safety incidents. Safety incidents are categorized as safety walk, observation, near miss, medical treatment and lost time accident. UPM is engaged in



Jean Kubiak
Managing Director

Céline Pierre
Management Systems Manager and Coordinator
of Health, Safety and Environment

► safety, they edited and updated UPM life saving standards. There are very operationals and very closed to the legal requirements in France. In 2018, we worked on the prevention of accidents by focusing on the risk assessment of tasks whose potential severity of an accident would be high (TOP 5) and the associated standard operating procedures.

Emergency management

On our industrial site, incidents could impact the environment but also the health and safety of employees. Thus, in order to better prepare for such a situation, yearly we carry out at least two exercises during which the intervention teams train to the implementation of the Emergency Plan. These exercises, rich in feedback, allow us to improve our ability to react.

Extract from UPM Chappelle Darblay engagement

In keeping with the vision and values of UPM, our mill is committed to becoming a frontrunner in safety, environment and energy.

Our engagement:

- provide safe and healthy working conditions for the prevention of work-related injuries and diseases
- assess risks and define safe working methods for tasks with high potential severity (TOP 5)
- prevent health and safety risks, reduce the number of accidents at work and during travel by applying the principles of prevention and the systematic analysis of all incidents
- reduce environmental impacts as well as pollution phenomena
- reduce our energy consumption and encourage the purchase of energy-efficient products and services
- monitor performance indicators in the areas of quality, health, safety, environment and energy
- Cooperate with other production sites to learn about and apply best practices
- encourage innovation to improve the competitiveness of the mill
- respect the legislation and the requirements of the stakeholders

UPM Chappelle Darblay

Responsibility figures 2018

Waste



97%

of non dangerous waste are recycled
 – 47% are used as a fertilizer in the fields
 – 39% of ashes are reused to stabilised landfills

Air



94%

of CO₂ emission is biomass based CO₂ thanks to the combustion of biomass in the CHP boiler.

Water



Waste water treatment plant COD reduction is

89%

(3 points higher than 2017)

Energy



83%

of the energy of fuels used in the boilers comes from biomass based fuels.



Community

21

persons welcomed to visit Chappelle mill with apprentices who are learning from our clients, publishers and printers.

Safety



769

Safety walks and Safety observations made by employees

203

safety actions completed in 2018

Health



We encourage employees to go to the infirmary for all accidents. This is important to implement actions to prevent high severity accidents.

54

visits to the infirmary for care

Certified fiber



100%

of fibers used in the process are certified according to PEFC™ and FSC® Chain of Custody

Recycled fibre



100%

100% recycled paper used in the process

Employment



Chapelle Darblay employs

241

- Training hours = 4061.5
- Number of indirect jobs (contractors) (estimated) full time equivalent = 48
- Number of external employees during the major shutdown in October 2018 (28 days) = 2,286 in total

Taxes



Local taxes impact =

EUR 2.7 million

including land and property taxes and business tax

Air



Our air emissions (dust, fossil carbon dioxide, nitrogen dioxide oxides, sulfur dioxide, hydrochloric acid, hydrofluoric acid and total organic carbon) from the biomass boiler are monitored continuously using automatic analysers. To validate the checks and to verify the compliance of our emissions with regulatory thresholds, an accredited external body conducts a full analysis of the exhaust gases one to four times a year. The low use of our gas furnaces and our gas turbine allows us to limit greenhouse gas emissions to a minimum. The accredited body punctual analysis one to 4 time a year could explain the values increase of SO₂ nevertheless we keep to be under permit limit.

The concentration limits deriving from our permit are:

- Dust: 10 mg/m³
- Sulfur dioxide (SO₂): 50 mg/m³
- Nitrous oxides (NO_x): 200 mg/m³

Emissions to air are a part of the UPM Environmental engagement with targets for 2020 and 2030.

In 2018, we continued the specific action plan on our NO_x emissions by having external specialists advices.

Waste

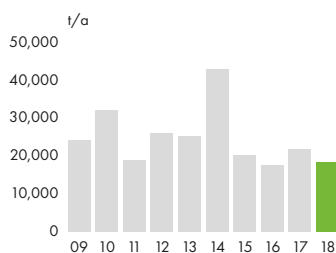


Our policy is to reduce waste as much as possible at the source, then sort and recycle or re-use it. The waste, classified into several groups, is sorted on site and goes through agreed treatment or recovery procedures in order to improve sorting at the source. We strive at finding as many recovery solutions as possible for our waste.

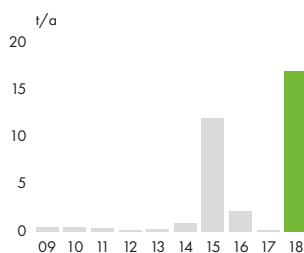
The waste originating from deinking process and from waste water treatment plan are mixed together and burned with externally purchased biomass in the CHP boiler.

Hazardous waste is handled according to BSDD (Bordereau de Suivi des Déchets Dangereux, hazardous waste tracking note) and sent to the appropriate processes. Each type of waste leaving the site is recorded in the waste register.

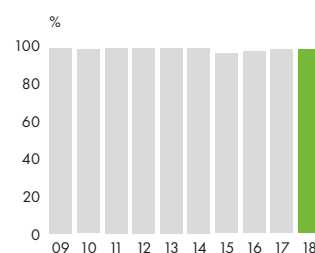
Fossil carbon dioxide, CO₂



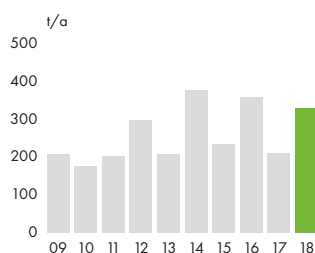
Sulphur dioxide, SO₂



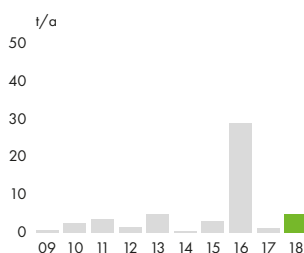
Recovery rate



Nitrogen oxides, NO_x



Particulates



Water

Our recycling rate is stable. Part of the waste sent to landfill is domestic waste. The other part is process waste. The identification of these waste fraction will be strengthened in order to reduce the production of process waste at the source to respect the UPM 2030 target: no process waste to landfill.

Chapelle Darblay stay active in the research of ideas to increase the re-use of its wastes internally or externally in participating to work group with others local companies.

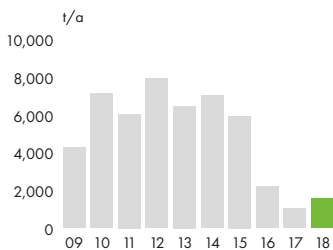
Chapelle Darblay has already compared its results to the best available technologies (BAT) and performances. Main of the parameters are below the BAT in 2018 and for effluents volume, an action plan is on-going.

The actions decided and followed like the management of the waste water treatment plant during mill shutdown, the better communication between paper, deinking and energy teams, the nutrients injection optimization of and the closer follow up of the waste water process had led to an improvement of the quality of the water at the outlet of the waste

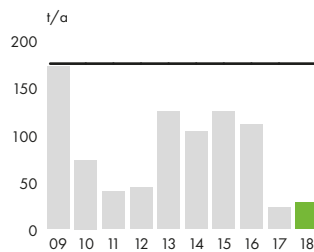
water treatment plant (WWTP) in terms of chemical oxygen demand (COD), total suspended solids (TSS) and biological oxygen demand (BOD₅) especially after a technical shutdown of the mill.

The aim for 2018 was to maintain the good performance on the waste water treatment plant, that was achieved during the year despite an increase of the pollution intaked. However, we continue to plan actions in order to reach the 2020 targets and reduce the effluent flow and in the same time keep optimized performance on waste water treatment process.

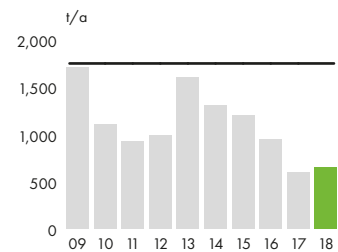
Solid waste to landfill, wet tons



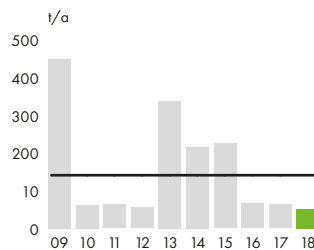
Biological oxygen demand, BOD₅



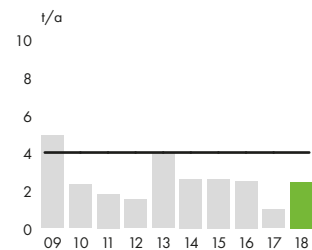
Chemical oxygen demand, COD



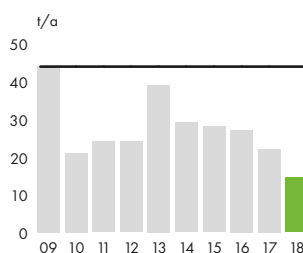
Total suspended solid, TSS



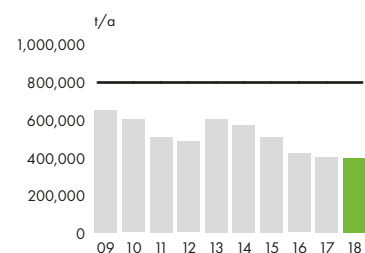
Phosphorus, P



Nitrogen, N



Process waste water volume m³



— Annual permit limit
 ■ Annual mean value

Societal responsibility

Engaging with society

Well-functioning stakeholder dialogue is a key component for success for UPM. We are committed to developing the vitality of the communities close to our operations through active co-operation and open dialogue with various stakeholders as well as, for example, through sponsorships and employee volunteering.

We impact local communities and societies in many ways. Understanding the impact that we have is an essential component of our business success. In many locations, we are a significant employer, taxpayer and partner to local entrepreneurs, making positive contributions to the local economy. We apply several precautionary measures to mitigate and remedy potential negative environmental and social impacts on our surrounding communities.

During the year 2018, Chapelle Darblay has been engaged in an approach towards industrial attractiveness. Contacts have been taken with all our colleagues in the paper branch from which a "Paper Team Normandie" has been set up. This cooperation team has even already spread in other paper regions in France. A symbolic action has been initiated to attract talents to the paper industry through a proactive participation to the 2019 French Week for Industry with purpose to attract talented young people, job seekers. Trainers also came to the organized events like Chapelle open doors in March. Action is now ongoing with a brainstorm about the jobs needed locally by the paper industry in the forthcoming years. AFIFOR and the CFA AFI-LNR training centers are natural stakeholders of the Paper Team Normandie. Continuing this path, Chapelle also is also participating with 100 other companies to the ECOSYSTEME Cleon 4.0 : mutualize the expectations of industry, express the needs of local companies to find innovative solutions in the digital transformation and sustainable industry of Normandy.

Tax impact

Tax revenue generated by UPM's business operations is an essential part of our societal impact. UPM pays corporate income taxes in the countries where added value is created and profit is generated. Based on UPM's corporate and operational structure, UPM reports and pays its corporate income taxes mainly in countries where production activity takes place and where innovations are developed. In addition to the taxes on income, UPM's various production inputs and outputs are also subject to taxation. Taxes are paid in accordance with the local tax legislation and regulations of the country in question.

In 2018, UPM's corporate income taxes paid and property taxes were approximately EUR 283 million in total (EUR 251 million in 2017).

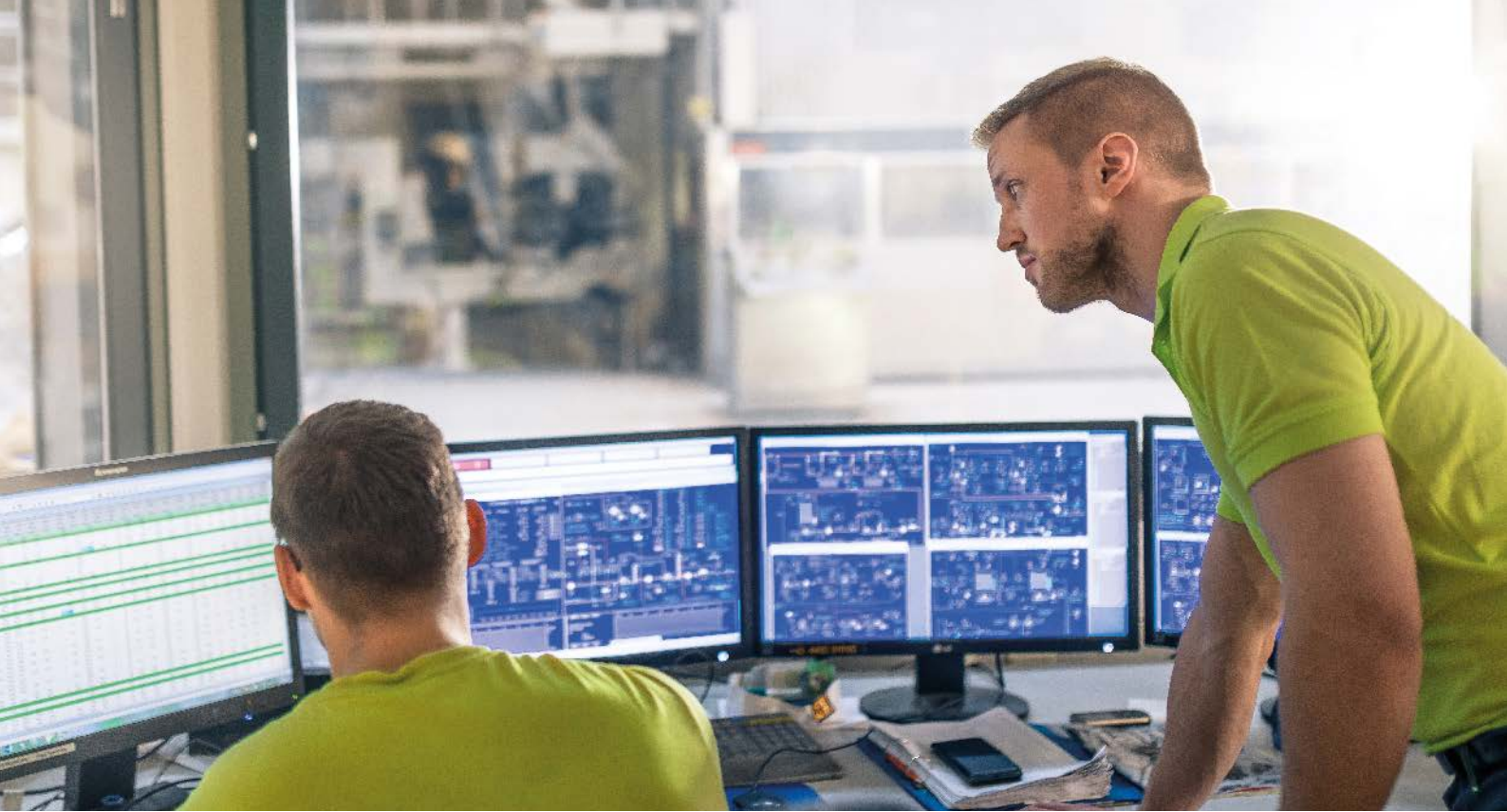
The mills' operations benefit also the local community in many ways. Municipal share of corporate income taxes and the real estate taxes paid by UPM support the local economy. In addition the taxes and social security contributions that UPM employees pay on their wages have also a significant local impact. Furthermore, the purchasing power of UPM employees and subcontractors maintains and enhances the vitality of the community.

Biofore Share and Care Programme

UPM is involved in many causes and community projects supporting sustainable development and the prosperity and welfare of the communities in which we are active. Our work on this arena is clearly connected to our Biofore Strategy and responsibility targets. It is coordinated under the umbrella of our Biofore Share and Care programme.

The Biofore Share and Care programme comprises three forms of support: sponsorships, donations and employee volunteering. The support can





be a monetary contribution, products, materials or employee volunteering. Local sponsorship is target-oriented and long-term involvement in the community where UPM operates.

Our focus is on activities and programmes that are relevant to our business, support innovation and sustainability, or promote local vitality and wellbeing. They are also clearly linked to a number of the United Nations' Sustainable Development Goals (SDG's) that we actively promote. The four focus areas of UPM's Biofore Share and Care programme are: Reading & learning, engaging with communities, responsible water use and boosting bioinnovations.

Responsible sourcing and qualified supplier spend

UPM is committed to responsible sourcing practices throughout the entire supply chain. We work closely with our suppliers to ensure that our suppliers understand and meet all of the company's requirements on sustainability and responsibility.

UPM requires its suppliers to comply with the UPM Supplier Code and Third Party Code (Code) that defines suppliers' minimum requirements in terms of responsibility with regard to matters such as environmental impact, human rights, labour practices, health and safety, product safety, corruption and bribery.

UPM's target is to have 100% of raw material spend and 80% of all spend qualified against UPM Supplier and Third Party Code by 2030 (Qualified spend). In 2018, 94% of UPM's raw material spend and 83% of all spend was qualified against the UPM Supplier and Third Party Code.

Suppliers' environmental and social performance is followed through regular data collection and analysis. Based on the annual risk assessments, we select the suppliers whose performance we want to study more closely. If any non-conformancies are found, the supplier is obligated to make corrective actions. We follow actively the results of these actions and are ready to support

our suppliers with our know-how in order to help them to enhance their performance

Safety

Our goal in UPM is to be the industry leader in health and safety. Our clear objective is zero fatal and serious accidents. Safety is fully embedded in our daily activities and is not considered less or secondary than any other interest. We strive to reduce and eliminate accidents under our control through continuous improvement and effective risk management.

Our employees, as well as business partners and their employees, are required to adopt safe work practices and to comply with the rules and standards we have established.

Before accessing UPM production site, contractors get UPM safety training, which presents and demonstrates the basic safety requirements. This is complemented with a job specific safety induction and a permit to work.

Environmental parametres 2018

The figures related to production as well as raw material and energy consumption are published as aggregated figures on group level in the UPM Corporate Environmental and Societal Responsibility Statement.

Production capacity	Newsprint	240,000 t
Raw materials	Recycled fiber pulp Process chemicals	See UPM Corporate Environmental and Societal Responsibility Statement for more information
Energy	Fossil fuels Biomass based fuel	13% 87% See UPM Corporate Environmental and Societal Responsibility Statement for more information
Emission to air	Carbon dioxide, CO ₂ (fossil) Nitrogen oxides, NO _x Sulfure dioxide, SO ₂ Particulates	18 359 t 330 t 17 t 5 t
Water intake	Surface water and municipal water	16,150,079 m ³
Discharges to water	Effluent volume Cooling water Biological oxygen demand, BOD ₅ Chemical oxygen demand, COD Total suspended solids, TSS Nitrogen, N Phosphorus, P	3,925,847 m ³ 10 501 688 m ³ 28 t 651 t 51 t 14.5 t 2.45 t
Non hazardous waste	Non hazardous waste Of which: – Ash – Sludge – Bark and other wood residues – Bark sand – Metals – Domestic waste – Others Recovery rate (excl. hazardous waste) Hazardous waste	58,136 BDt 49,198 BDt 1,774 BDt 234 BDt 5,225 BDt 1,085 BDt 467 BDt 152 BDt 97.0% 62 t
Size of mill area		33 ha



Performance against targets in 2018

TARGET	ACHIEVEMENT	COMMENTS
Clean Run deviations of category 3 at level of 0	No	Chapelle had 1 category 3 in 2018. One for exceedance of NO _x compared to the permit limit. Root causes analysis conducted to make an action plan.
Clean Run deviations of category 4 at level of 0	Yes	
Effluent volume / tonne of paper (target 2020) = 11 m ³ /t	No	The target of the reduction of process waste water volume will continue in 2019.
Near misses + Safety observations = 2 / employee (207) / year = 414	Yes	
All safety observations, near misses and accidents closed in less than 6 weeks	No	98% of safety observations, near misses and accidents were closed in less than 6 weeks. A follow up is realized weekly.
10 safety walks / manager (20) = 200	Yes	

Targets for 2019

TARGET
Clean Run deviations of category 3 at level of 0
Clean Run deviations of category 4 at level of 0
Effluent volume / tonne of paper (target 2020) = 11 m ³ /t
Near misses + Safety observations = 2 / employee (208) / year = 416
All safety observations, near misses and accidents closed in less than 6 weeks
10 safety walks / manager (19) = 190



VALIDATION STATEMENT

As accredited environmental verifier (FI-V-0001), Inspecta Sertifointi Oy has examined the environmental management system and the information of UPM Chapelle Darblay Environmental and Societal Responsibility 2018 report and of UPM Corporate Environmental and Societal Responsibility Statement 2018.

On the basis of this examination, the environmental verifier has herewith confirmed on 2019-05-15 that the environmental management system, this UPM Chapelle Darblay Environmental and Societal Responsibility report and the information concerning UPM Chapelle Darblay of UPM Corporate Environmental and Societal Responsibility Statement are in compliance with the requirements of the EMAS Regulation (EC) No 1221/2009.

We reduce the world's reliance on fossil-based materials by developing renewable and responsible products and solutions in all our businesses. **UPM Biofore – Beyond fossils.**



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