

# GRI content index

UPM follows the Global Reporting Initiative's (GRI) Sustainability Reporting Standards in its corporate responsibility reporting. The reporting has been prepared in accordance with the GRI Standards: Core option.

General and topic-specific disclosures for 2019 in English with a reference to external assurance in the GRI content index have been externally assured by an independent third party PricewaterhouseCoopers Oy. The Independent Assurance Report is available in UPM's Annual Report on page 116–117.

The index below shows where the GRI disclosures are addressed in the Annual Report (AR), on UPM's webpage ([web](http://www.upm.com/responsibility)) [www.upm.com/responsibility](http://www.upm.com/responsibility) and [www.upm.com/investors/governance](http://www.upm.com/investors/governance) or in the GRI content index at hand.

## This GRI content index includes additional information on the following:

- Information on materiality analysis and process for defining report content
- Information on re-statements
- Management approach
- Measurement techniques
  - Environmental disclosures
  - Social disclosures

## List of references for GRI disclosures:

- [Annual Report 2019](#)
- [Chart tool with responsibility data](#)
- [www.upm.com/responsibility](http://www.upm.com/responsibility)
- [www.upm.com/investors/governance](http://www.upm.com/investors/governance)
- [Corporate Governance Statement 2019](#)
- [Remuneration Statement 2019](#)
- [Carbon Inventory 2019](#)
- [Material balance 2019](#)

## General disclosures

| STANDARD / DISCLOSURE   | LOCATION  | DISCLOSURE / COMMENT   | ASSURANCE |
|---|---|--|-----------|
| <b>GRI 102: General Disclosures 2016</b>                            |   |  |           |
| <b>Organizational Profile</b>                                       |   |  |           |
| 102-1 Name of the organisation                                      | AR 149  |  |           |
| 102-2 Activities, brands, products, and services                    | AR 35   | There are no banned products in 2019.  |           |
| 102-3 Location of headquarters                                      | AR 149  |  |           |
| 102-4 Location of operations  | AR 223–224  |  |           |
| 102-5 Ownership and legal form                                      | AR 149  |  |           |
| 102-6 Markets served  | AR 158, 223–224   |  |           |
| 102-7 Scale of the organization                                     | AR 223–224  |  |           |
| 102-8 Information on employees and other workers                    | AR 68–71, <a href="#">web</a> , <a href="#">web</a> , <a href="#">web</a> | Workers who are not employees are not performing a significant portion of the organization's activities. | x         |
| 102-9 Supply chain  | AR 80–81  |  |           |
| 102-10 Significant changes to the organization and its supply chain | AR 122–124  |  |           |
| 102-11 Precautionary principle approach                             | AR 24–31, 60–61   |  |           |
| 102-12 External initiatives   | AR 24   |  |           |
| 102-13 Memberships of associations                                  | <a href="#">web</a>   |  |           |
| <b>Strategy</b>   |   |  |           |
| 102-14 Statement from senior decision-maker                         | AR 12–13  |  |           |
| 102-15 Key impacts, risks and opportunities                         | AR 10–11, 24–29   |  |           |
| <b>Ethics and integrity</b>   |   |  |           |
| 102-16 Values, principles, standards, and norms of behavior         | AR 24–25, 68–71, 74–77  |  |           |
| 102-17 Mechanisms for advice and concerns about ethics              | AR 76–77  |  |           |

| STANDARD / DISCLOSURE  | LOCATION                                 | DISCLOSURE / COMMENT  | ASSURANCE |
|--|--|---|-----------|
| <b>Governance</b>  |  |   |           |
| 102-18 Governance structure  | AR 104-108, <a href="#">web</a>          |   |           |
| 102-19 Delegating authority  | AR 132                                   |   |           |
| 102-20 Executive-level responsibility for economic, environmental, and social topics | AR 132                                   |   |           |
| 102-21 Consulting stakeholders on economic, environmental, and social topics         | <a href="#">web</a>                      | Annual General Meeting  |           |
| 102-22 Composition of the highest governance body and its committees                 | AR 104, 107, 112-113                     |   |           |
| 102-23 Chair of the highest governance body  | AR 112                                   |   |           |
| 102-24 Nominating and selecting the highest governance body                          | AR 104-105                               |   |           |
| 102-25 Conflicts of interest   | AR 104-105, <a href="#">web</a>          |   |           |
| 102-26 Role of the highest governance body in setting purpose, values and strategy   | AR 105-107, <a href="#">web</a>          |   |           |
| 102-27 Collective knowledge of highest governance body                               | AR 107-108, 120-142, <a href="#">web</a> | Report of Board of Directors including non-financial and TCFD disclosure approved by the Board. |           |
| 102-28 Evaluating the highest governance body's performance                          | AR 106                                   |   |           |
| 102-29 Identifying and managing economic, environmental, and social impacts          | AR 105-106, 120-142                      |   |           |
| 102-30 Effectiveness of risk management processes                                    | <a href="#">web</a>                      |   |           |
| 102-31 Review of economic, environmental, and social topics                          | AR 107                                   |   |           |
| 102-33 Communicating critical concerns   | AR 77                                    |   |           |
| 102-34 Nature and total number of critical concerns                                  | AR 76                                    |   |           |
| 102-35 Remuneration policies   | AR 110, <a href="#">web</a>              |   |           |
| 102-36 Process for determining remuneration  | AR 108, <a href="#">web</a>              |   |           |
| <b>Stakeholder engagement</b>  |  |   |           |
| 102-40 List of stakeholder groups  | AR 63                                    |   |           |
| 102-41 Collective bargaining agreements  | <a href="#">web</a>                      |   | x         |
| 102-42 Identifying and selecting of stakeholders                                     | <a href="#">web</a>                      |   |           |
| 102-43 Approach to stakeholder engagement  | AR 62-71, 82-83, <a href="#">web</a>     |   |           |
| 102-44 Key topics and concerns raised  | AR 66-67, 82-85, <a href="#">web</a>     |   |           |
| <b>Reporting practice</b>  |  |   |           |
| 102-45 Entities included in the consolidated financial statements                    | AR 198-199                               |   |           |
| 102-46 Defining report content and topic boundaries                                  | GRI index 7                              |   |           |
| 102-47 List of material topics   | GRI index 7-8                            |   |           |
| 102-48 Restatements of information   | See comment                              | Any changes to previous reports are included in the topic-specific disclosures.                 |           |
| 102-49 Changes in reporting  | GRI index 7                              |   |           |
| 102-50 Reporting period  | See comment                              | 1 January 2019 – 31 December 2019   |           |
| 102-51 Date of most recent report  | See comment                              | 28 February 2019  |           |
| 102-52 Reporting cycle   | See comment                              | Annual  |           |
| 102-53 Contact point for questions regarding the report                              | AR 226                                   |   |           |
| 102-54 Claims of reporting in accordance with the GRI Standards                      | See comment                              | This report has been prepared in accordance with the GRI Standards: Core option.                |           |
| 102-55 GRI content index   | See comment                              | Present document.   |           |
| 102-56 External assurance  | AR 116-117, GRI index 1                  |   |           |
| <b>GRI 103: Management Approach 2016</b>   |  |   |           |
| 103-1 Explanation of the material topic and its boundary                             | GRI index 7-8                            |   |           |
| 103-2 The management approach and its components                                     | GRI index 7-8                            |   |           |
| 103-3 Evaluation of the management approach  | GRI index 7-8                            |   |           |

Material topics

| STANDARD / DISCLOSURE                           |   | LOCATION             | DISCLOSURE / COMMENT  | OMISSION   | ASSURANCE |
|---|---|----------------------|---|--|-----------|
| <b>GRI 200: Economic Standard Series</b>        |   |                      |   |  |           |
| <b>GRI 201: Economic Performance 2016</b>       |   |                      |   |  |           |
| 201-1   | Direct economic value generated and distributed                                 | AR 78                | Corporate income taxes and property taxes reported separately for the eight main production countries   |  | x         |
| 201-2   | Financial implications and other risks and opportunities due to climate change. | AR 6-7, 26-29, 86-87 | Qualitative description of risks, opportunities and responses   | UPM is not disclosing financial implications of any risks or opportunities or related costs due to commercially sensitive nature of the data.  | x         |
| 201-3   | Defined benefit plan obligations and other retirement                           | AR 165-168           | In 2019, the percent of salary contributed by employee is 6.75% and the percent of salary contributed by employer is 18.23%.  |  | x         |
| 201-4   | Financial assistance received from government                                   | AR 161-162           | No government is directly present in UPM's shareholding structure.  |  | x         |
| <b>GRI 202: Market Presence 2016</b>            |   |                      |   |  |           |
| 202-2   | Proportion of senior management hired from the local community                  | See comment          | 97% of management positions are held by locals. In this indicator, local means nationality, UPM's pulp and paper mills are the significant locations of operation, senior management are the members of the sites' management team.   |  | x         |
| <b>GRI 203: Indirect Economic Impacts 2016</b>  |   |                      |   |  |           |
| 203-2   | Significant indirect economic impacts   | AR 39, 98-99         |   |  | x         |
| <b>GRI 204: Procurement Practices 2016</b>      |   |                      |   |  |           |
| 204-1   | Proportion of spending on local suppliers                                       | See comment          | Out of a total spend of EUR 2.3 billion for UPM primary raw materials – wood , pulp and recovered paper – 62% was purchased from local suppliers. Scope is fibre raw material which accounts for 33% of total spend. All units using fibre raw material are considered as significant locations. Local in this disclosure means country, except in Austria & Germany also neighbouring country.   |  | x         |
| <b>GRI 205: Anti-corruption 2016</b>            |   |                      |   |  |           |
| 205-1   | Operations assessed for risks related to corruption                             | AR 133               |   |  | x         |
| 205-2   | Communication and training about anti-corruption policies and procedures        | See comment          | Anti-corruption is one topic in UPM's Code of Conduct. In 2019, the Board of Directors discussed the revised Code of Conduct and related processes, before Board approved the document. All members of the Board were present at the meeting. Code of Conduct training with a focus on UPM's anti-corruption policies and procedures was provided to the members of the Board during the year which covered 90% of all members. The new Code was distributed to all employees. 96% of active UPM employees (as of the end of the year) have completed the respective training, which included anti-corruption. The Supplier and Third Party Code was also revised during the year. The Supplier and Third Party Code is communicated to suppliers as part of the business contract. In 2019, 84% of UPM supplier spend was qualified against the Code. Suppliers represent the majority of the relevant business partners with regard to Supplier and Third Party Code. For further information, read more on pages 76, 80. | Following training per employee category and region is not material to UPM. Following qualified suppliers by number and region is not material to UPM, but UPM follows the qualified supplier spend. | x         |
| 205-3   | Confirmed incidents of corruption and actions taken                             | AR 76-77             |   |  | x         |
| <b>GRI 206: Anti-competitive behaviour 2016</b> |   |                      |   |  |           |
| 206-1   | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | See comment          | There was no such case in 2019. However, in AR page 200 we describe the pending litigations which include a number of damages claims relating to court decision from 2009. These claims were were finally resolved in early 2019.   |  | x         |

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|---|---|---|--|-----------|
| <b>GRI 300: Environmental Standard Series</b>   |   | For reporting principles see page 9.  |  |           |
| <b>GRI 301: Materials 2016</b>  |   |   |  |           |
| 301-1 Materials used by weight or volume  | AR 98, <a href="#">web</a>                            |   |  | x         |
| 301-2 Recycled input materials used   | AR 81, <a href="#">web</a>                            | Scope is fibre materials in paper production.   |  | x         |
| <b>GRI 302: Energy 2016</b>   |   |   |  |           |
| 302-1 Energy consumption within the organization  | AR 91, 98, 220, <a href="#">web</a>                   |   |  | x         |
| 302-3 Energy intensity  | <a href="#">web</a>                                   | UPM is following kWh electricity/tonne of paper produced.   |  | x         |
| 302-4 Reduction of energy consumption   | AR 90   | In energy saving reporting, savings related to use of electricity and heat are included.  |  | x         |
| <b>GRI 303: Water 2018</b>  |   |   |  |           |
| 303-1 Interactions with water as a shared resource  | <a href="#">web</a>                                   |   |  | x         |
| 303-2 Management of water discharge-related impacts   | <a href="#">web</a>                                   |   |  | x         |
| 303-3 Water withdrawal  | AR 98, <a href="#">web</a> , <a href="#">web</a>      |   | UPM does not monitor Total Dissolved Solids, but Total Suspended Solids. | x         |
| 303-4 Water discharge   | AR 99, <a href="#">web</a> , <a href="#">web</a>      |   | UPM does not monitor Total Dissolved Solids, but Total Suspended Solids. | x         |
| 303-5 Water consumption   | <a href="#">web</a> , <a href="#">web</a>             |   |  | x         |
| <b>GRI 304: Biodiversity 2016</b>   |   |   |  |           |
| 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | AR 88-89, <a href="#">web</a>                         | Scope is UPM's own forests  |  | x         |
| 304-2 Significant impacts of activities, products, and services on biodiversity   | AR 88-89, <a href="#">web</a>                         | Scope is UPM's own forests  |  | x         |
| 304-3 Habitats protected or restored  | AR 88-89, <a href="#">web</a>                         | Scope is UPM's own forests  |  | x         |
| 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations                                | <a href="#">web</a>                                   | Scope is UPM's own forests  |  | x         |
| <b>GRI 305: Emissions 2016</b>  |   |   |  |           |
| 305-1 Direct (Scope 1) GHG emissions  | AR 99, 220, <a href="#">web</a> , <a href="#">web</a> | Biogenic CO <sub>2</sub> reported. However, sustainably managed bioenergy sources are considered neutral (EU).  |  | x         |
| 305-2 Energy indirect (Scope 2) GHG emissions   | AR 220, <a href="#">web</a> , <a href="#">web</a>     |   |  | x         |
| 305-3 Other indirect (Scope 3) GHG emissions  | AR 220, <a href="#">web</a>                           |   |  | x         |
| 305-4 GHG emissions intensity   | AR 220  | UPM is following kg CO <sub>2</sub> /tonne of paper produced (Scope 1 and 2).   |  | x         |
| 305-5 Reduction of GHG emissions  | AR 90   | The emission reductions (Scope 1 and 2) are reported as CO <sub>2</sub> .   |  | x         |
| 305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions                                 | AR 99, 220  |   |  | x         |
| <b>GRI 306: Effluents and Waste 2016</b>  |   |   |  |           |
| 306-1 Water discharge by quality and destination  | AR 99, 220  |   |  | x         |
| 306-2 Waste by type and disposal method   | AR 99, <a href="#">web</a>                            |   |  | x         |
| 306-3 Significant spills  | AR 93   |   |  | x         |
| 306-5 Water bodies affected by water discharges and/or runoff   | See comment   | Based on UPM's bio indicator studies, no water sources are significantly affected by UPM. For further information, read more on AR page 94-95 and <a href="#">web</a> . |  | x         |
| <b>GRI 307: Environmental Compliance 2016</b>   |   |   |  |           |
| 307-1 Non-compliance with environmental laws and regulations  | AR 93   |   |  | x         |
| <b>GRI 308: Supplier Environmental Assessment 2016</b>  |   |   |  |           |
| 308-1 New suppliers that were screened using environmental criteria   | AR 80   | Reporting scope is fibre raw material which accounts for 33% of total spend.  |  | x         |
| 308-2 Negative environmental impacts in the supply chain and actions taken  | See comment   | No significant negative impacts identified in 2019.   | UPM monitors impact assessments based on share of qualified spend.       | x         |

| STANDARD / DISCLOSURE  | LOCATION  | DISCLOSURE / COMMENT   | OMISSION  | ASSURANCE |
|--|---|--|---|-----------|
| <b>GRI 400: Social Standard Series</b>   |   | For reporting principles please see pages 9 and 10.  |   |           |
| <b>GRI 401: Employment 2016</b>  |   |  |   |           |
| 401-1 New employee hires and employee turnover   | AR 70, <a href="#">web</a> , <a href="#">web</a>        |  |   | x         |
| <b>GRI 402: Labor/Management Relations 2016</b>  |   |  |   |           |
| 402-1 Minimum notice periods regarding operational changes                                 | <a href="#">web</a>                                     |  |   | x         |
| <b>GRI 403: Occupational Health and Safety (OHS) 2018</b>                                  |   |  |   |           |
| 403-1 OHS management system  | <a href="#">web</a>                                     |  |   | x         |
| 403-2 Hazard identification, risk assessment, and incident investigation                   | <a href="#">web</a> , <a href="#">web</a>               |  |   | x         |
| 403-3 Occupational health services   | <a href="#">web</a>                                     |  |   | x         |
| 403-4 Worker participation, consultation, and communication on OHS                         | <a href="#">web</a>                                     |  |   | x         |
| 403-5 Worker training on OHS   | <a href="#">web</a>                                     |  |   | x         |
| 403-6 Promotion of worker health   | <a href="#">web</a>                                     |  |   | x         |
| 403-7 Prevention and mitigation of OHS impacts directly linked by business relationships   | <a href="#">web</a>                                     |  |   | x         |
| 403-8 Workers covered by OHS management systems  | <a href="#">web</a>                                     |  |   | x         |
| 403-9 Work-related injuries  | AR 70, 73, <a href="#">web</a> ,<br><a href="#">web</a> |  |   | x         |
| 403-10 Work-related ill-health   | AR 70   |  |   | x         |
| <b>GRI 404: Training and Education 2016</b>  |   |  |   |           |
| 404-1 Average hours of training per year per employee                                      | AR 70   |  | Following training per gender and employee category is not material to UPM. | x         |
| 404-2 Programs for upgrading employee skills and transition assistance programs            | AR 68-69, <a href="#">web</a>                           |  |   | x         |
| 404-3 Percentage of employees receiving regular performance and career development reviews | AR 61, 68   |  | Follow-up per gender and employee category is not material to UPM.          | x         |
| UPM-1 Human Capital Return on Investment (UPM indicator)                                   | See comment   | UPM's 2019 Human Capital Return on Investment ratio is EUR 2.1 : EUR 1. This indicates the amount returned for every EUR spent on human capital.   |   | x         |
| <b>GRI 405: Diversity and Equal Opportunity 2016</b>                                       |   |  |   |           |
| 405-1 Diversity of governance bodies and employees   | AR 68, 104-105, 221, <a href="#">web</a>                |  |   | x         |
| 405-2 Ratio of basic salary and remuneration of women to men                               | AR 221  | Significant locations are the nine countries with largest number of salaried employees. These countries cover 89% of total salaried employees. See page 10 for details of the calculation. |   | x         |
| <b>GRI 406: Non-discrimination 2016</b>  |   |  |   |           |
| 406-1 Incidents of discrimination and corrective actions taken                             | AR 77   |  |   | x         |
| <b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>                      |   |  |   |           |

| STANDARD / DISCLOSURE  | LOCATION    | DISCLOSURE / COMMENT  | OMISSION  | ASSURANCE |
|--|-------------|---|---|-----------|
| 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk             | See comment | No significant risk identified.<br>For further information, read more on <a href="#">web</a> for own operations, page 80 for suppliers.   |   | x         |
| <b>GRI 408: Child Labor 2016</b>   |             |   |   |           |
| 408-1 Operations and suppliers at significant risk for incidents of child labor  | See comment | No significant risks identified in own and suppliers' operations.<br>For further information, read more in AR page 133, 136.  |   | x         |
| <b>GRI 409: Forced or Compulsory Labor 2016</b>  |             |   |   |           |
| 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor                                   | See comment | No significant risks identified in own and suppliers' operations.<br>For further information, read more in AR page 133, 136.  |   | x         |
| <b>GRI 411: Rights of Indigenous Peoples 2016</b>  |             |   |   |           |
| 411-1 Incidents of violations involving rights of indigenous peoples   | See comment | No incidents occurred in 2019.<br>For further information, read more in AR page 88.   |   | x         |
| <b>GRI 412: Human Rights Assessment 2016</b>   |             |   |   |           |
| 412-1 Operations that have been subject to human rights reviews or impact assessments  | AR 133      |   |   | x         |
| 412-2 Employee training on human rights policies or procedures   | See comment | Total training hours for employees on human rights were 6000 hours in 2019.   |   | x         |
| 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | See comment | Responsible sourcing practices (e.g. qualification against UPM's Supplier and Third Party Code) also cover all investments.<br>For further information, read more in AR pages 80-81.  |   | x         |
| <b>GRI 413: Local Communities 2016</b>   |             |   |   |           |
| 413-1 Operations with local community engagement, impact assessments, and development programs                                   | See comment | UPM has implemented local community engagement programs in all significant locations where it operates. Pulp and paper mills considered as significant locations for this disclosure.<br>For further information, read more in AR page 66.  | UPM does not report the percentage of operations with implemented local community engagement. | x         |
| 413-2 Operations with significant actual and potential negative impacts on local communities                                     | See comment | No significant negative impacts identified in 2019.<br>For further information, read more in AR pages 38-39, 66.  |   | x         |
| <b>GRI 414: Supplier Social Assessment 2016</b>  |             |   |   |           |
| 414-1 New suppliers that were screened using social criteria   | AR 80       | Reporting scope is fibre raw material which accounts for 33% of total spend.  |   | x         |
| 414-2 Negative social impacts in the supply chain and actions taken  | See comment | No significant negative impacts identified in 2019.   | UPM monitors impact assessments based on share of qualified spend.                            | x         |
| <b>GRI 415: Public Policy 2016</b>   |             |   |   |           |
| 415-1 Political contributions  | AR 64       | UPM does not financially support political parties or individual candidates.  |   | x         |
| <b>GRI 416: Customer Health and Safety 2016</b>  |             |   |   |           |
| 416-1 Assessment of the health and safety impacts of product and service categories  | AR 82-83    | For further information, read more on <a href="#">web</a> .   |   | x         |
| <b>GRI 417: Marketing and Labeling 2016</b>  |             |   |   |           |
| 417-1 Requirements for product and service information and labeling  | AR 82-83    | UPM's eco-design approach includes at least: <ul style="list-style-type: none"> <li>- The sourcing of components of the product or service.</li> <li>- Content, particularly with regard to substances that might produce an environmental or social impact</li> <li>- Safe use of the product or service</li> <li>- Disposal of the product and environmental/social impacts</li> <li>- Other requirements set by ecolabels</li> </ul> |   | x         |
| <b>GRI 419: Socioeconomic Compliance 2016</b>  |             |   |   |           |
| 419-1 Non-compliance with laws and regulations in the social and economic area   | See comment | No significant fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in 2019.   |   | x         |

## Information for defining report content and topic boundaries (GRI 102–46)

The process for defining the report content is based on a materiality analysis that UPM does on annual basis. The materiality analysis of the company's responsibility issues covers topics that directly or indirectly have an impact and influence the ability to create, maintain or acquire economic, environmental or social value for UPM, stakeholders and society. The main sources for analysis are stakeholder feedback and conducted studies. The result of the materiality analysis are published in the Annual Report on page 65. UPM's material topics are aligned with the material analysis and UPM's commitments. The reporting on sustainability is included to the Annual Report. This way we ensure to comply with the Reporting Principles: stakeholder inclusiveness, materiality, sustainability context, completeness.

## Changes in reporting (GRI 102–49)

The consolidated performance data is in accordance with the Group's accounting principles, which are presented in the Annual Report, pages 150–151. Also the Group's adoption of new and revised accounting standards is presented there.

## Management approach (GRI 103–1, 2 and 3)

### General

Corporate responsibility is an integral part of all our operations and is seen as source of competitive advantage. UPM is strongly committed to continuous improvement in economic, social and environmental performance. UPM promotes responsible practices throughout the value chain and is active in finding sustainable solutions in co-operation with its customers, suppliers and partners.

The Group Executive Team, headed by the President and CEO, is in charge of managing corporate responsibility, determining the course of action and guiding development work. In practice, corporate responsibility efforts take place in businesses and functions, and in the Group's Responsibility team, which coordinates the projects carried out by businesses and functions.

UPM's Biofore strategy and the Code of Conduct lay the foundations for responsible business operations and continuous improvement.

### Grievance mechanisms

Should stakeholders have concerns or suspect misconduct, they are encouraged to contact UPM or to use the UPM Report Misconduct channel. This channel is available on UPM's intranet for UPM employees, and also on the corporate website for the company's external stakeholders. UPM's Audit Committee oversees procedures for treatment of complaints and concerns received

anonymously or otherwise by the company. As a part of the committee's compliance review, the committee is provided with a quarterly report by the company's Chief Compliance Officer and a report of submissions under the company's Report Misconduct channel by the Head of Internal Audit.

### Economic

#### Material topics

- Economic performance
- Market presence
- Indirect economic impacts
- Procurement practices
- Anti-corruption
- Anti-competitive behaviour

#### Boundaries inside the organisation

- The consolidated performance data is in accordance with the Group's accounting principles. Information on joint operation companies, investments in associated companies and joint ventures, available-for-sale investments are not included.

#### Boundaries outside the organisation

- For the topic "Procurement practices" the reported scope of local spend is UPM's fibre based raw material.

#### Policies

- Code of Conduct ([link](#))
- Corporate governance statement ([link](#))
- Disclosure policy ([link](#))
- Tax policy ([link](#))

#### Commitments

- Finnish Corporate Governance Code
- UN Global Compact's ten principles
- Sustainable development goals of the UN Agenda 2030

### Targets

- Our economic targets focus on the key areas: profit, governance and responsible sourcing. In all these areas quantitative targets have been set, and are followed up regularly. See Annual Report pages 60 and 61.

### Monitoring and evaluation

- The Board of Directors, assisted by the Audit Committee, is responsible for monitoring the company's internal control and risk management systems. Internal audit assists the Board of Directors with its monitoring responsibility by ensuring that the group's control measures have been planned and set up effectively.

### Specific actions

- Examples of related actions 2019 are described in the Annual Report on pages 10–11, 20–23, 52–57, 66–67, 78–79, 84–85.

### Environmental

#### Material topics

- Materials
- Energy
- Water
- Biodiversity
- Emissions
- Effluents and Waste
- Environmental Compliance
- Supplier environment assessment

### Boundaries inside the organisation

- Consolidated environmental data covers all production units, unless otherwise stated in connection with the respective disclosure.
- Information on joint operation companies, investments in associated companies and joint ventures, available-for-sale investments are not included.
- For biodiversity disclosures UPM's own forest areas are included.

### Boundaries outside the organisation

- The disclosures related to supply chain sustainability include all suppliers, unless otherwise stated in connection with the disclosure.
- Environmental disclosures from companies of which UPM owns less than 50% are not reported, excluding energy related air emissions that correspond to UPM's energy share.
- Related to energy supply from jointly-owned connected power plants, relevant environmental parameters (air emissions, fuels and waste) are included depending on the energy supply to UPM's production sites. Environmental costs and investments of such entities are not included.
- The disclosures related to GHG emissions cover all relevant upstream and downstream processes.

### Policies

- Code of Conduct ([link](#))
- Environmental rules ([link](#))
- Supplier and third party code ([link](#))

### Commitments

- UN Global Compact's ten principles
- UN CEO Water Mandate
- Sustainable development goals of the UN Agenda 2030

### Targets

- Our environmental targets focus on the key areas: product stewardship, waste, climate, water, forests and biodiversity. In all these areas quantitative targets have been set, and are followed up regularly. In 2019, few new targets were launched and few targets tightened. See Annual Report pages 60–61.

### Monitoring and evaluation

- Internal and external audits are regularly conducted at production sites, e.g. for environmental management systems, Chain of Custody and so-called internal Clean Run audits. Key performance indicators like deviations or water volumes are followed up on monthly basis, other indicators are at least evaluated on annual basis.
- Supplier audits are regularly performed, too, and for certain product groups performance figures are evaluated on annual basis.

### Specific actions

- Examples of environment-related actions 2019 are described in the Annual Report on pages 9–10, 21–23, 40, 44, 48, 55–57, 86–91, 93, 94, 97

## Social

### Material topics

- Employment
- Labor/Management relations
- Occupational health and safety
- Training and education
- Diversity and equal opportunity
- Non-discrimination
- Freedom of association and collective bargaining
- Child labor
- Forced or compulsory labor

- Rights of indigenous people
- Human rights assessments
- Local communities
- Supplier social assessment
- Public policy
- Customer health and safety
- Marketing and labeling
- Socioeconomic compliance

### Boundaries inside the organisation

- Consolidated data covers whole UPM Corporation, unless otherwise stated in connection with the respective disclosure.
- Information on joint operation companies, investments in associated companies and joint ventures, available-for-sale investments are not included.

### Boundaries outside the organisation

- Social disclosures from companies of which UPM owns less than 50% are not reported.
- The disclosures related to supply chain sustainability include all suppliers, unless otherwise stated in connection with the disclosure.

### Policies

- Code of Conduct ([link](#))
- Supplier and Third Party Code ([link](#))
- Human Resources Rules ([link](#))
- Safety Rules ([link](#))

### Commitments

- ILO Declaration on Fundamental Principles and Rights to Work
- OECD Guidelines for Multinational Enterprises
- UN Global Compact's ten principles
- Sustainable development goals of the UN Agenda 2030
- Policies

### Targets

- Our related targets focus on the key areas: diversity and inclusion, continuous learning and development, responsible leadership, working conditions, responsible sourcing, community involvement, product stewardship. In all these areas quantitative targets have been set, and are followed up regularly. See Annual Report pages 60 and 61.

### Monitoring and evaluation

- Internal and external audits are regularly conducted at production sites, e.g. for OHS management systems and our internal safety audits. Key performance indicators like total recordable injury frequency or lost-time accidents are followed up on monthly basis.
- Supplier audits are regularly performed.
- Sharing of best practices is ensured through well-established operational stakeholder forums, for example.
- Compliance with ecolabel criteria and UPM's restricted chemical list is regularly checked, internally and also by third-party verification.

### Specific actions

- Examples of related actions 2019 are described in the Annual Report on pages 10, 39, 63–64, 71, 73, 77



## Data measurement techniques

## Environmental disclosures

Environmental data of all UPM's production sites is collected in a common database.

UPM's energy-related data (fuels, air emissions, waste) includes its own power plants and a respective share of co-owned or associated power plants, which correspond to UPM's energy supply. External power plants or boilers are considered under heat supply.

Data measurement techniques depend on local and national requirements and therefore can vary between production sites. If relevant, this is taken into account when summarising data for corporate reporting.

UPM uses rolling base year approach for reporting on applicable environmental disclosures.

### Materials

Information about material usage is aggregated data from UPM's sourcing unit.

### Energy

Information about energy usage is aggregated data from UPM Energy based on information provided by the production units and power plants. For energy saving reporting, the reduction of electricity and heat is included.

### Water

If not measured, the amount of water withdrawal is reported based on reasonable estimates.

### Air emissions

UPM reports on emission of fossil CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>2</sub> and particulates as air emission related performance indicators. These indicators include

emissions from UPM power plants and a respective share of co-owned or associated power plants that corresponds to UPM's energy supply. External power plants or boilers are considered under

heat supply. Direct fossil CO<sub>2</sub> is calculated based on fuel usage. Calculation is done according to the European Emissions Trading System, other national requirements or based on official calculation factors. NO<sub>x</sub>, SO<sub>2</sub> and particulates are usually measured online. Emissions of TRS are converted to SO<sub>2</sub> and included in the overall SO<sub>2</sub> figure.

Indirect CO<sub>2</sub> emissions from electricity usage (Scope 2) are calculated with both market and location-based approach. Main method is the market-based approach and the target follow-up is based on this method. In case the market-based data is not available, residual mix is used and in case if residual mix is not available, regional or national grid factors are used. In the cases where UPM sold greenhouse gas claims (such as guarantees of origin) for energy used by UPM, the respective amount has been calculated with the national residual mix.

Indirect CO<sub>2</sub> from value chain (Scope 3) is calculated based on data availability, either with secondary emission factors or previous year's primary emission factors. Detailed information about Scope 2 and 3 calculation is published at UPM's [webpage](#). In GRI disclosures 305-1 and 305-2 the emissions are reported as CO<sub>2</sub> only. In 305-3 the emissions are reported as CO<sub>2</sub> equivalents (including CH<sub>4</sub> and N<sub>2</sub>O) using IPCC's GWP values.

In addition to energy-related disclosures UPM reports production-related VOC emissions from UPM Rafflatac, UPM Biofuels and UPM Plywood which are calculated using emission factor and/or mass balance methods.

### Effluent

UPM reports on effluent flow, COD, BOD and AOX as water-related performance indicators. These are calculated based on mill level data from sampling or continuous monitoring. If the wastewater is treated in municipal or external effluent treatment plants, the values included in the total sums are the loads before effluent treatment. In the calculation of average load per product unit, these mills are excluded. Conversion is done in the case of different measurement scopes, e.g. BOD<sub>7</sub> and BOD<sub>5</sub>.

### Waste and by-products

UPM reports the sum of non-hazardous process waste and by-products divided to recycling as material, energy recovery, composting, landfill, incineration, and temporary storage, and the sum of hazardous waste divided to recycling as material, energy recovery, incineration and other disposal. On Group level, recycled or recovered non-hazardous waste is reported as by-product. Waste figures are reported in dry tonnes, except for hazardous waste. The disposal method is determined by both direct information from the sites or from information provided by waste contractors.

### Environmental costs and investments

As a guiding principle to calculate and report environmental costs and investments, UPM has based its instructions on European Commission recommendation 2001/453/EC of 13 June 2001 (Official Journal L 156, 13/06/2001) on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies and Kirjanpitolautakunta: Yleisohje ympäristöasioiden kirjaamisesta, laskennasta ja esittämisestä tilinpäätöksessä 24.10.2006

## Social responsibility disclosures

### Personnel / employees

Personnel figures base on the UPM global total headcount definition including employees classified as active and inactive and are calculated as heads if not otherwise stated. The terms personnel and employees are used as synonyms and refer to UPM's own employees.

### Workforce

Workforce includes UPM's own employees as well as supervised workers.

### Personnel by country

Personnel by country is reported based on the UPM global total headcount definition including employees classified as active and inactive and are calculated as heads.

### Contract types

All contract types are divided into two categories: permanent and fixed term. Permanent contracts include all contracts that are valid until further notice as well as employees not covered under employment contracts such as the US, where all employees are classified as "Employment at Will".

### Collective bargaining agreements

The percentage of employees covered under collective bargaining agreements include all employees (both active and inactive) regardless of their contract type and working time status and includes all countries where UPM has operations.

### Employee turnover

Turnover is calculated using the number of all types of employment endings regardless of whether they are voluntary or involuntary (Number of leavers 1. Jan.–31. Dec./Total headcount 31. Dec).

Separate calculation is provided showing turnover specifically for voluntary employment endings. The calculation method has been changed in 2014 and employees with contract expiries and who later have a contract extension have been excluded. Seasonal employees and those leaving due to a business being sold continue to be excluded from the calculation. In 2015 voluntary employment endings have been further clarified to include only reasons related to resignation.

### **Goal setting discussions**

Disclosures for goal setting discussions is based on the percentage of completed goal setting discussions launched in UPM HR system according to UPM people processes annual clock. Figure consists of percentage of completed goal setting templates by the end of July for salaried employees and percentage of completed Annual Discussion templates for shop floor employees by the end of December.

### **Development plans**

Disclosures for development plans documented is based on number of active development plans in UPM HR system comparing to UPM end of year headcount. Figure consists of number of development plans for eligible salaried employees by end of the reporting year and number of completed annual discussions by the end of reporting year. For those employees receiving the annual discussion the development plans are integrated into that discussion.

### **Ratio of basic salary of women to men**

The ratio is calculated by comparing weighted average of basic salaries of women to men on the same job grade, per country. Basic salary is the constant agreed salary excluding variable parts like shift allowances. The calculation includes all

employees that have a job grade evaluated in the assessed countries and all job grades per country that have minimum three male and female employees. Thus the calculation covers salaried employees only. The reference date for the calculation of the ratio is 31 December of the year in question.

### **Training hours per employee**

Number of training hours per employee are calculated based on the UPM total headcount definition as of the end of the year. Trainings include internal and external training.

### **Human Capital Return on Investment (HC ROI)**

Human Capital Return on Investment (HC ROI) indicator measures the return on capital invested in employee costs. It indicates the value of investing in human asset, i.e. amount returned for every EUR spent on human capital. The ratio of the company's profitability to its human capital expenses is calculated as total revenue less operating expenses excluding employee cost and less depreciation divided by employee costs [e.g. 2019 ratio EUR 2.1 : EUR 1].

### **Lost-time accident frequency**

Lost-time accidents per million hours worked. Calculation is as follows: (The number of accidents at work resulting in absence or disability one or more days)/(Actual hours worked)\*1,000,000. Lost time accident type excludes modified duties, medical treatments and first aid cases, but includes fatal accidents.

UPM reports separately for workforce (including UPM employees and supervised workers) and contractors. Disclosure is based on following annual data: incidents occurred from January to December and actual hours worked from December to November.

### **Total Recordable Injury Frequency**

Recordable injuries per million hours worked. Calculation is as follows: (LTA at work (number of LTAs which are one or more days)'+'Modified duty'+ 'Medical treatment')/Actual hours worked (UPM)\*1,000,000. Total Recordable Injury type excludes first aid cases.

UPM reports separately for workforce (including UPM employees and supervised workers) and contractors. Disclosure is based on following annual data: incidents occurred from January to December and actual hours worked from December to November.

### **Contractors and contractor working hours**

Contractor is a person or organization which provides services to UPM as agreed. Contractor personnel is not directly employed by UPM. Contractor actual working time consists of all hours contractors have worked in UPM premises or under UPM supervision. Contractor working hours are used to calculate lost-time accident frequency and total recordable injury frequency. If working hours are not collected based on a time attendance system, an estimate is used. UPM has defined and published method for calculating contractor working hours if the exact number is not available. Estimates are based on the number of workers or on contract monetary value.

### **Absenteeism %**

Absence percentage due to illness and accidents at work. Illness includes Absence hours due to illness, Absences due to accidents during travelling to/ from work, and Absence hours due to accidents during time off work. Accidents at work include Absences due to accidents at work and Absences due to occupational diseases and illnesses. These figures are added and then divided by Theoretical working time and then multiplied by 100. All hours of

absence from work due to accidents at work are included (including hours on day when accident occurred).

### **Number of occupational diseases (=Work-related ill-health)**

Number of new cases which have been officially diagnosed and reported as occupational diseases during the reporting year. Reporting year is the last year except for Germany where cases are reported for the penultimate year.

### **Serious occupational accidents (=High-consequence work-related injuries))**

Accidents at work causing: Life-threatening injury requiring intervention of emergency response personnel to provide life-sustaining support; Life-altering injury / Permanent disability: An injury resulting in permanent or long-term impairment or loss of use of an external organ, body function, or body part.

### **Code of Conduct training**

The Code of Conduct completion rate is calculated against the employees classified as active as per our definition and those who are shown as active as of 31 December of the year in question. Training is provided for all employees who are included in our global headcount of active employees definition.

### **Supplier Qualification**

UPM suppliers are qualified against the UPM Supplier and Third Party Code that defines suppliers' minimum compliance requirements in terms of responsibility with regard to matters such as environmental impact, human rights, labour practices, health and safety, and product safety. Supplier spend covers all UPM business-to-business spend including wood and wood-based biomass sourcing.