



Remuneration Report 2024

UPM-KYMMENE CORPORATION



1. Introduction

This Remuneration Report 2024 (the Report) presents the remuneration of the members of the Board of Directors (the Directors) and the President and CEO (the CEO) of UPM-Kymmene Corporation (the Company or UPM) regarding the financial year 2024. Massimo Reynaudo was appointed as the CEO of the Company as of 1 January 2024.

The Report has been prepared in accordance with the requirements set forth in the Finnish Limited Liability Companies Act, the Finnish Securities Markets Act, Decree of the Ministry of Finance on the remuneration policy and remuneration report of a share issuer and the Finnish Corporate Governance Code 2020.

The Report has been prepared by the Board of Directors' Remuneration Committee and Nomination and Governance Committee and approved by the Board of Directors (the Board) for presentation and adoption at the Annual General Meeting (the AGM) of 2025. The resolution of the general meeting on the Report is advisory.

The AGM of 2024 adopted the Remuneration Report for the financial year 2023 without full vote count which is not executed in physical general meetings if not specifically requested at the general meeting.

The Company's statutory auditor has verified that the information required by the above-mentioned Decree of the Ministry of Finance has been provided in the Report.

According to the Finnish Limited Liability Companies Act the remuneration policy shall be presented to the general meeting every four years unless a revised remuneration

policy is presented to the general meeting before that. UPM's Remuneration Policy (the Policy) was presented to the AGM in 2020 and again in 2024 and the AGM adopted the Policy without a full vote count. Resolution of the AGM is advisory. The appropriateness of the Policy is reviewed annually by the Board's Remuneration Committee and the Nomination and Governance Committee.

The remuneration for the Directors and the CEO during the financial year 2024 was executed in accordance with the Policy. No temporary deviations from the Policy have been made and no remuneration of the CEO nor the Directors has been reclaimed or restated (clawback and malus provisions) during the financial year 2024.

The aim of the CEO's remuneration is to drive and reward the achievement of the Company's strategic priorities and thereby promote the Company's long-term financial success, competitiveness and favorable development of shareholder value. The share ownership recommendation further strengthens the alignment of interests of the Company, the CEO and the Company's shareholders. A significant portion of the CEO's theoretical maximum total remuneration opportunity is based on variable components and the payout is dependent on the achievement of predetermined performance measures. In the financial year 2024, the remuneration paid and confirmed to the CEO was in line with the Company's pay for performance approach and based on the performance, achievement and progression

of the Company's ambitious strategic targets and priorities.

UPM seeks significant growth in the coming years in renewable fibres, advanced materials, such as adhesive materials, specialty papers and plywood, and in decarbonisation solutions such as CO₂-free electricity, biochemicals and biofuels. In graphic papers, the focus is on strong cash flow generation.

Looking at growth, UPM's major investment cycle was coming to an end in 2024. The new highly competitive pulp mill in Uruguay completed its ramp-up in the summer and moved to normal full production starting in second half of 2024. At the biochemicals refinery in Leuna, Germany, preparations were under way for the sequential start-up, which began in early 2025. Finally, UPM acquired Grafityp, a Belgian company to accelerate growth in UPM Raflatac in the graphic solutions market.

In 2024, UPM's profits improved from 2023, with good contribution from the new pulp mill on Uruguay. However, the performance continued to be held back by sluggish recovery in demand for most UPM products, and the elevated wood costs in Finland. Renewable fuels markets experienced a significant downturn.

In this slower recovery -scenario, UPM focused on improving competitiveness and efficiency to protect profitability and to capture the market recovery and growth in the coming years. UPM announced capacity closures in UPM Communication Papers and UPM Raflatac and implemented efficiency measures in several businesses.

Remuneration and company performance over the last five financial years

Position/ Company Measure	2020 ¹⁾	2021 ¹⁾	2022 ¹⁾	2023 ¹⁾	2024 ¹⁾
Chair of the Board (EUR)	190,000	195,000	200,000	218,000	231,000
Deputy Chair of the Board (EUR)	135,000	140,000	140,000	145,000	145,000
Other member of the Board (EUR)	110,000	115,000	115,000	120,000	120,000
Chair of the Audit Committee ²⁾ (EUR)	35,000	35,000	35,000	35,000	45,000
Member of the Audit Committee ²⁾ (EUR)	15,000	15,000	15,000	15,000	25,000
Chair of the Nomination and Governance Committee ²⁾ (EUR)	20,000	20,000	20,000	20,000	20,000
Chair of the Remuneration Committee ²⁾ (EUR)	20,000	20,000	27,500	27,500	27,500
Member of the Remuneration or the Nomination and Governance Committee ²⁾ (EUR)	10,000	10,000	10,000	10,000	10,000
CEO, Jussi Pesonen (until 31 Dec 2023) (EUR 1,000)	4,747	3,734	5,486	5,561	
CEO, Massimo Reynaudo (from 1 Jan 2024 onwards) (EUR 1,000)					1,418
UPM Average Employee ³⁾ (EUR)	54,752	52,235	52,940	63,266	60,128
Total Shareholder Return (%) ⁴⁾	+35	+75	+29	+28	-9
Comparable ROE , %	7.5	11.7	14.0	6.2	8.3
Comparable EBIT (EURm)	948	1,471	2,096	1,013	1,224

¹⁾ The reporting period is from the AGM to the following year's AGM for the Board and Committee members, but a financial year for the CEO, UPM average employee and Company performance.

²⁾ The annual Committee fee is paid in addition to the annual base fee of the Chair, Deputy Chair or other member of the Board of Directors.

³⁾ UPM average employee remuneration is calculated by dividing the disclosed financial statement value of Employee Costs with the number of personnel at the end of the financial year in question (excluding the CEO and the remuneration paid to the CEO during the financial year). UPM average employee remuneration includes the following elements of the Employee Costs: salaries and fees, and share-based payments.

⁴⁾ Three-calendar-year absolute total shareholder cumulative return with dividends reinvested.

2. Remuneration of the Board of Directors

The Board remuneration as resolved by the AGM 2024:

Annual base fee (EUR)	2024	Payment mechanism
Chair of the Board	231,000	Approximately 40% in Company shares, rest in cash to cover taxes. The Company paid costs and transfer tax related to the purchase of the Company shares. Shares may not be transferred within two years from the purchase date or until the Director's membership of the Board has ended, whichever occurs first.
Deputy Chair of the Board	145,000	
Board member	120,000	

Annual committee fee (EUR)	Chair	Member	Payment mechanism
Audit Committee	45,000	25,000	Cash
Remuneration Committee	27,500	10,000	
Nomination and Governance Committee	20,000	10,000	

Director ¹⁾	Annual base fee (EUR) of which		Annual committee fee (EUR)	Total remuneration (EUR)	Number of shares purchased as part of annual base fee ²⁾
	40% in shares (EUR)	60% in cash (EUR)			
Henrik Ehrnrooth	231,000		20,000	251,000	2,816
	92,400	138,600			
Kim Wahl	145,000		10,000	155,000	1,767
	58,000	87,000			
Pia Aaltonen-Forsell	120,000		45,000	165,000	1,462
	48,000	72,000			
Jari Gustafsson	120,000		25,000	145,000	1,462
	48,000	72,000			
Piia-Noora Kauppi	120,000		10,000	130,000	1,462
	48,000	72,000			
Melanie Maas-Brunner	120,000		10,000	130,000	1,462
	48,000	72,000			
Topi Manner	120,000		10,000	130,000	1,462
	48,000	72,000			
Marjan Oudeman	120,000		25,000	145,000	1,462
	48,000	72,000			
Martin à Porta	120,000		27,500	147,500	1,462
	48,000	72,000			
Total	1,216,000		182,500	1,398,500	14,817
	486,400	729,600			

¹⁾ Emma FitzGerald's term ended at the AGM 2024 due to her announcement that she was not available for re-election. No Board fees were payable to her during financial year 2024.

²⁾ Transaction date 26 April 2024.

The remuneration paid to the members of the Board was resolved by the AGM of 2024. Shares purchased as part of the Board remuneration for the Directors in 2024 may not be transferred within two years as of the purchase date (26 April 2024) or until the term of the respective Director has ended, whichever

occurs first. The Directors are encouraged to hold Company shares on a long-term basis and most of them have substantial holdings, indicating a close alignment of the Directors' interests with those of shareholders.

The travel and lodging expenses incurred from meetings held elsewhere than

in a Director's place of residence were paid against invoice.

The Directors did not receive any meeting fees or other financial benefits for their Board or committee membership other than those stated in this Report.

3. Remuneration of the CEO

The remuneration of the CEO consists of fixed components, such as base salary and fringe benefits, variable components, such as short- and long-term incentives, pension and other financial benefits.

Variable remuneration components form a significant portion of the theoretical maximum total remuneration opportunity, and the payout is dependent on the achievement of the predetermined performance

measures that support the execution of the Company's strategic priorities and promote the Company's long-term value creation and financial growth.

CEO's total remuneration:

Mr. Massimo Reynaudo (as of 1 January 2024)

CEO (EUR 1,000)	Remuneration paid during the financial year 2024	Remuneration confirmed from STI 2024 and PSP 2022-2024 (paid during the financial year 2025)
Base salary	894	
Short-term incentive	363 (STI 2023 ¹⁾)	261 (STI 2024 ²⁾)
Long-term incentive	125 (PSP 2021-2023 ³⁾)	169 (PSP 2022-2024 ⁴⁾)
Other financial benefits ⁵⁾	36	
Total	1,418	
Proportional share of fixed and variable remuneration ⁶⁾	66% / 34%	
Pension benefit ⁷⁾	190	

¹⁾ Payout from STI 2023 Plan based on the financial year 2023 performance against predetermined measures. STI 2023 payout paid in February 2024. Payout from STI 2023 was related to the CEO's previous position within the Company as EVP UPM Communication Papers.

²⁾ Payout from STI 2024 Plan based on the financial year 2024 performance against predetermined measures. Approved by the Board of Directors on 5 February 2025. STI 2024 payout was paid in February 2025.

³⁾ Calculated using the volume weighted average share price of EUR 29.60 on the share delivery date, 26 February 2024. The allocation for PSP 2021-2023 was related to the CEO's previous position within the Company as Senior Vice President of UPM Raflatac.

⁴⁾ Calculated using the volume weighted average share price of EUR 28.11 on the share delivery date, 28 February 2025. The allocation for PSP 2022-2024 was related to the CEO's previous position within the Company as Executive Vice President of UPM Communication Papers. Approved by the Board of Directors on 18 February 2025.

⁵⁾ Other financial benefits include fringe benefits and the taxable values of company car, bicycle, phone, accommodation benefit, service for tax compliance and health insurance. In addition to these fringe benefits, the CEO also had the following additional insurances in place during the financial year 2024: life, disability, travel and accident. The Company had also committed to pay to the CEO a full base salary for one year in case of severe illness and related absence from work. This commitment was arranged through an insurance. The CEO was also eligible to participate in other employee benefit arrangements offered to Company employees during the financial year.

⁶⁾ The variable remuneration paid in 2024 is related to the CEO's previous positions within the Company prior the appointment as the CEO.

⁷⁾ The CEO has a voluntary pension benefit to supplement the Finnish statutory pension scheme (TyEL). The voluntary pension benefit is arranged through a defined contribution plan. The contribution equals to 20% of the base salary. The President and CEO's retirement age is 65 years.

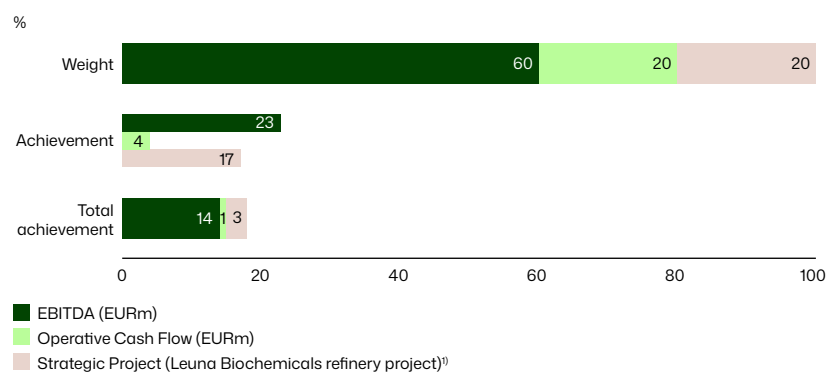
The CEO's Short-term Incentive in 2024

Performance measures, related targets and weights regarding the CEO's short-term incentive are set annually by the Board for a performance period of one year. These can vary from year to year to align with the Company's strategic priorities and usually include a balance of financial, strategic, operational, responsibility, safety, individual or other type of measures, provided that in any given year the majority of the measures will be based on financial criteria.

The short-term incentive payout for the Short-term Incentive Plan 2023 (STI 2023) in February 2024 was related to the CEO's previous position within the Company as Executive Vice President of UPM Communication Papers and, therefore, not disclosed in the Report in further detail.

For the Short-term Incentive Plan 2024 (STI 2024) the Board set two financial measures for the CEO, i.e. EBITDA and Operative Cash Flow. The weight of EBITDA measure accounted for 60% of all measures and the weight of Operative Cash Flow measure accounted for 20% of all measures. In addition, the Board set also one strategic measure for the CEO (Leuna biochemicals refinery project) and the weight of this measure accounted for 20% of all measures. Set measures and target setting remained constant and unchanged throughout the financial year 2024. The Board evaluated the performance against the set measures and targets for

STI 2024 Achievement



Figures presented in this report have been rounded and, therefore, the sum of individual figures might deviate from the presented total figure.

¹⁾ Strategic Project includes measures for safety, budget, timeline and sales

short-term incentive and did not exercise its right for discretion for short-term incentive plan payout. Short-term incentive payout was according to the formulaic outcome. Total achievement for the whole short-term incentive was 18.3% of the defined maximum annual short-term incentive payout opportunity and overall cap of 150% of the annual base salary. STI 2024 payout, based on 2024 performance, was paid in February 2025.

The CEO's Long-term Incentive in 2024

The CEO's long-term incentive is based on the Company's Performance Share Plan

(PSP), which consists of annually commencing individual plans approved by the Board with a minimum performance period of three years. Performance measures, related targets and weights are set annually by the Board for each commencing plan and can vary from plan to plan to promote the Company's long-term value creation and financial growth without encouraging excessive risk taking. Measures may include, but are not limited to, financial, share price related and responsibility (ESG) measures.

The maximum and actual values of the share rewards indicated in the table represent the gross number of shares from which the applicable taxes will be deducted before the shares are delivered to the CEO.

Performance share plan	PSP 2021–2023	PSP 2022–2024	PSP 2023–2025	PSP 2024–2026
Max. no. of shares allocated to the CEO	12,200 ¹⁾	30,000 ²⁾	29,000 ²⁾	72,952
Earning criteria (weight)	TSR ³⁾ (100%)	TSR ³⁾ (80%) ESG ⁴⁾ (20%)	TSR ³⁾ (80%) ESG ⁵⁾ (20%)	TSR ³⁾ (80%) ESG ⁵⁾ (20%)
Actual achievement (0–100)	34.62%	20.00%	N/A	N/A
No. of shares earned	4,224	6,000	N/A	N/A
Share delivery (year)	2024	2025	2026	2027

¹⁾ Max no. of shares allocated in relation to the CEO's previous position within the Company as Senior Vice President of UPM Raflatac.

²⁾ Max no. of shares allocated in relation to the CEO's previous position within the Company as Executive Vice President of UPM Communication Papers.

³⁾ Total shareholder return.

⁴⁾ For the PSP 2022–2024 Plan the Board set absolute total shareholder return (TSR) as a performance measure and the weight of this measure accounted for 80% of all measures. TSR performance measure takes into account share price appreciation and paid dividends during the three-year performance period. The Board also set three responsibility related performance measures and the total weight of these measures accounted for 20% of all measures. Two of the responsibility performance measures are environmental in essence: Reduction of fossil CO₂ emissions from UPM's own combustion and purchased electricity by 65% by 2030 from 2015 level (10% weight) and achievement of a net positive impact on biodiversity in the Company's own forests in Finland (5% weight). The third responsibility performance measure is a social measure: Achievement of gender pay equity (5% weight). The responsibility performance measures in PSP 2022–2024 Plan are based on the Company's responsibility targets for 2030.

⁵⁾ For the PSP 2023–2025 and PSP 2024–2026 Plans the Board set absolute total shareholder return (TSR) as a performance measure and the weight of this measure accounted for 80% of all measures. TSR performance measure takes into account share price appreciation and paid dividends during the three-year performance period. The Board also set three responsibility related performance measures and the total weight of these measures accounted for 20% of all measures. Two of the responsibility performance measures are environmental in essence: Reduction of fossil CO₂ emissions from UPM's on-site combustion and purchased energy by 65% by 2030 from 2015 level (10% weight) and achievement of a net positive impact on biodiversity in the Company's own forests in Finland (5% weight). The third responsibility performance measure is a social measure: Achievement of gender pay equity (5% weight). The responsibility performance measures in PSP 2023–2025 and PSP 2024–2026 Plans are based on the Company's responsibility targets for 2030.

Performance measures for the Long-term Incentive Plan 2021–2023

For the PSP 2021–2023 the Board set absolute total shareholder return (TSR) during a three-year earning period as the performance measure for the plan with a 100% weight. Total shareholder return takes into account share price appreciation and paid dividends. Set measure and target setting remained constant and unchanged throughout the three-year earning period.

The Board evaluated the performance against the set measure and target for the long-term incentive and did not exercise its right for discretion for the long-term incentive plan payout. Long-term incentive payout was according to the formulaic outcome. Total achievement for the measure was 34.62% of the predefined maximum target setting. Earned shares from PSP 2021–2023, based on the achievement and the maximum allocation of shares in relation to the CEO’s previous position within the Company, were delivered to the CEO in February 2024.

Performance measures for the Long-term Incentive Plan 2022–2024

For the PSP 2022-2024 the Board set absolute total shareholder return (TSR) and selected responsibility measures as performance measures for the plan. The weight of TSR measure accounted for 80% of all measures and the weight of responsibility measures accounted for 20% of all measures.

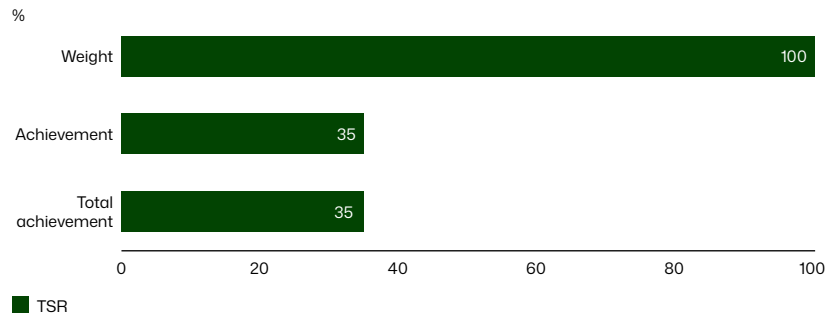
Total shareholder return takes into account share price appreciation and paid dividends.

Responsibility measures comprised the reduction of fossil CO₂ emissions from UPM’s own combustion and purchased electricity (10% weight), the achievement of a net positive impact on biodiversity in the Company’s own forests in Finland (5% weight) and the achievement of gender pay equity (5% weight).

Set measures and target setting remained constant and unchanged throughout the three-year earning period.

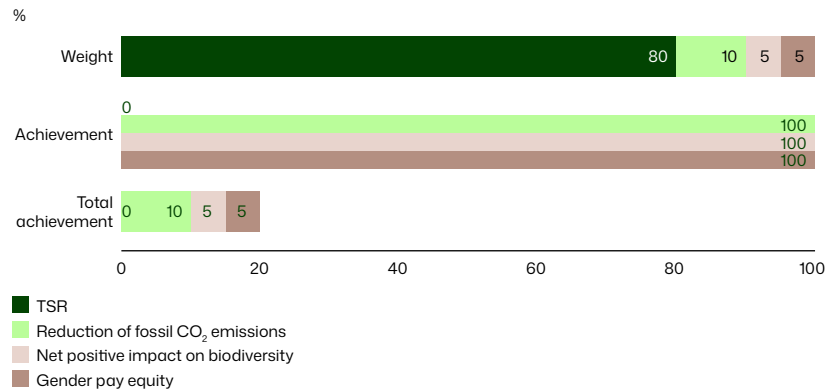
The Board evaluated the performance against the set measures and targets for the long-term incentive and did not exercise its right for discretion for the long-term incentive plan payout. Long-term incentive payout was according to the formulaic outcome. Total achievement was 20.00% of the predefined maximum target setting. Earned shares from PSP 2022–2024 were delivered to the CEO in February 2025.

PSP 2021-2023 Achievement



Figures presented in this report have been rounded and, therefore, the sum of individual figures might deviate from the presented total figure.

PSP 2022-2024 Achievement



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