

# **CHARTER OF THE BOARD OF DIRECTORS' AUDIT COMMITTEE**

## 1 Purpose

### 1.1 The primary purpose of the Audit Committee of the Board (the "Committee") is to:

- Assist the Board in fulfilling its oversight responsibilities of the Company's financial reporting processes and statutory sustainability reporting processes;
- Assist the Board in monitoring the audit of the Company and the assurance of the statutory sustainability reporting; and
- Assist the Board in its oversight of matters pertaining to financial reporting, statutory sustainability reporting, internal control, internal audit and risk management.

### 1.2 The responsibilities of the Committee include:

- monitoring and assessing the financial reporting processes and the statutory sustainability reporting processes;
- monitoring the quality and integrity of the financial statements, other financial reports and statutory sustainability reporting;
- monitoring the statutory audit of the financial statements and consolidated financial statements as well as the assurance of the statutory sustainability reporting, including identification of reported items and digital reporting;
- monitoring and assessing the effectiveness of the Company's internal control, internal audit, and risk management systems;
- evaluation of the performance of the internal audit;
- evaluation of the qualifications and performance of the auditor and the sustainability report assurer;
- monitoring and assessing the independence of the auditor as well as the sustainability report assurer and, in particular, their provision of non-audit and assurance services;
- preparation of the proposal for

the election of the auditor and the sustainability report assurer; and

- monitoring compliance with legal and regulatory requirements and Company policies and the effectiveness of the Company's compliance system.

## 2 Composition

### 2.1 Members

The Committee shall have at least three members appointed by the Board upon the recommendation of the Nomination and Governance Committee.

### 2.2 Qualifications

The members of the Committee shall meet the independence and expertise as well as other criteria applicable to Audit Committee members of publicly listed companies in Finland. The Committee shall consist of non-executive members only. The Committee members shall have adequate expertise and experience taking into account the Committee's responsibility area and mandatory duties. Desirable qualifications for Committee members include appropriate understanding of accounting practices and financial reporting gained through education, research or experience in performing or overseeing related functions. At least one Committee member shall have competence in accounting or auditing and the Committee members as a whole shall have competence relevant to one or several of the sectors in which the Company operates.

### 2.3 Chair

The Chair of the Committee will be appointed by the Board upon the recommendation of the Nomination and Governance Committee.

### 2.4 Removal and Replacement

The members of the Committee may be removed or replaced, and any vacancies on the Committee will be filled, by the Board upon the

recommendation of the Nomination and Governance Committee.

## 3 Operations

### 3.1 Meetings

The Chair of the Committee, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, and shall set meeting agendas in consultation with the management and other relevant parties. The Committee shall meet at least four times per year based upon a schedule established at the first meeting following the appointment of the Committee. The schedule shall outline the topics to be discussed and considered at each meeting (at the minimum) to cover the Committee's responsibilities. The Committee shall meet separately with the representatives of the management, with the auditor and the sustainability report assurer, as well as the internal auditor, at least twice a year. The Committee members shall also meet regularly without members of the management present. The Committee meetings may be held by telephone or electronically.

### 3.2 Report to Board

The Chair of the Committee shall report regularly to the Board and shall submit to the Board the minutes of its meetings.

### 3.3 Review of Charter

The Committee shall review and reassess the adequacy of its Charter periodically and propose any changes it considers necessary to the Board for approval.

### 3.4 Annual evaluation

The Committee shall conduct an annual evaluation of its performance and working methods and report to the Chair of the Nomination and Governance Committee on the results of such evaluation.



HUGO SIMBERG  
1899



DAGMAR KÄRNÄ  
1942



TOPI VALKONEN  
1956



ERIK BRUUN  
1981



ESA OJALA  
1989

## 4 Authority

The Committee has the authority to take appropriate actions necessary to perform its duties. Such actions may include:

### 4.1 Engagement of External Advisors

Engage external counsels, auditors or other advisors, in its sole discretion. The Committee shall be responsible for determining compensation to be paid to such external counsels, auditors and advisors. The Chair of the Board and/or the President and CEO shall be informed about the engagement of any such advisors.

### 4.2 Information Requests

Seek any information it requires from employees or external parties with full access to all Company books, records, facilities and personnel. Employees and external parties will be directed to co-operate and comply with the Committee's requests.

### 4.3 Subcommittees

Form, and delegate any of its responsibilities to, subcommittees which are solely comprised of one or more members of the Committee, if determined to be necessary or advisable.

## 5 Duties and Responsibilities

The Committee shall carry out the following duties and responsibilities:

### 5.1 Financial Statements, Financial Reporting Process and Statutory Sustainability Reporting

**5.1.1** The Committee shall monitor and assess both the financial reporting process as well as the statutory sustainability reporting process and submit recommendations or proposals to ensure the integrity of these processes.

**5.1.2** The Committee shall monitor the Company's financial performance and review and discuss with the management and the auditor the Company's annual audited financial statements, and annual, half-year and interim financial reports. The Committee shall also monitor the Company's processes relating to statutory sustainability reporting and discuss with the sustainability report assurer. The Committee shall discuss generally with the management the nature of the financial information and earnings guidance provided to the market as well as the information contained in statutory sustainability reports.

**5.1.3** The Committee shall oversee the Company's key sustainability focus areas and targets, the Double Materiality Assessment (DMA) process and the management of material sustainability impacts, risks and opportunities (IROs).

**5.1.4** The Committee shall review the Report of the Board of Directors including information on statutory sustainability reporting.

**5.1.5** The Committee shall review the Company's annual corporate governance statement including the description of the main features of the internal control and risk management systems pertaining to the financial reporting process.

### 5.2 Internal Control and Internal Audit

**5.2.1** The Committee shall monitor and assess the effectiveness of the Company's internal control system.

**5.2.2** The Committee shall monitor and assess the effectiveness of the Company's internal audit.

**5.2.3** The Committee shall review the Company's policies with respect to the internal audit function, review internal audit reports, approve annual internal audit plan and budget as well as periodically review the organisation, responsibilities and staffing of the internal audit function.

### 5.3 Risk Management

**5.3.1** The Committee shall monitor and assess the Company's risk management process and effectiveness of the Company's risk management systems.

**5.3.2** The Committee shall review the Company's policies with respect to risk assessment and risk management and oversee that risk management activities are aligned with these policies as well as periodically review the organisation, responsibilities and staffing of the risk management function.

### 5.4 Audit of financial information and assurance of statutory sustainability reporting

**5.4.1** The Committee is responsible for the procedure applied in the selection of both the auditor and the sustainability report assurer, and shall, at applicable intervals, oversee the arrangement of a tendering process for these services.

**5.4.2** The Committee shall prepare the proposal for the remuneration and election or re-election of the auditor and the sustainability report assurer based upon its evaluation of the qualifications, performance and independence of the auditor and the sustainability report assurer, and will submit its recommendation for the appointment of the auditor and the sustainability report assurer to the Board.

**5.4.3** The auditor is elected each year by the shareholders at the Annual General Meeting. As of the year 2025 onwards the sustainability report assurer is elected each year by the shareholders at the Annual General Meeting.

**5.4.4** The Committee shall approve the auditor's annual audit fees and the fees of the sustainability report assurer. The audit fees, and as of the year 2025 the fees relating to statutory sustainability assurance, are approved under the guidance given by the shareholders at the Annual General Meeting.

**5.4.5** The Committee shall monitor the performance of the statutory audit of the annual and consolidated financial statements as well as the assurance of the statutory sustainability reporting, and inform the Board of its outcome, and explain how the statutory audit and the assurance of the statutory sustainability reporting contributed to the integrity of the financial reporting and of the statutory sustainability reporting.

The Committee shall review with the management, the auditor and the sustainability report assurer the scope, planning and staffing of the proposed audit for the relevant year, including plan for assurance regarding statutory sustainability assurance (Audit and Assurance Plan).

The management shall inform the Committee quarterly of all audit-related, statutory sustainability reporting related as well as non-audit and assurance services provided by the auditor and the sustainability report assurer. The Committee shall evaluate the appropriateness of

these services and approve related fees.

**5.4.6** The Committee shall monitor and evaluate the independence of the auditor and the sustainability report assurer, and in doing so assess the auditor's and the sustainability report assurer's provision of audit-related and, in particular, non-audit or assurance services to the Company. The Committee shall further review the experience, qualifications and performance of the senior members of the audit engagement team and the engagement team of the sustainability report assurer.

**5.4.7** The Committee shall ensure the rotation of the lead audit partner of the auditor at least every seven years.

## **5.5 Compliance with Legal and Regulatory Requirements**

**5.5.1** The Committee shall monitor and assess the effectiveness of the Company's compliance system, review compliance reports as well as periodically review the organisation, responsibilities and staffing of the compliance function.

**5.5.2** The Committee shall review with the management and any internal or external counsel as the Committee considers appropriate any legal matters (including the status of pending litigations) that may have a significant impact on the Company's financial position, and any material reports or inquiries from regulatory or governmental agencies.

**5.5.3** The Committee shall review with the management the Company's Code of Conduct and compliance therewith and with other corporate policies approved by the Board.

**5.5.4** The Committee shall assist the Board in the establishment of principles concerning the monitoring and evaluation of related party transactions. The Committee shall monitor and assess how agreements and other legal acts between the Company and its related parties meet the requirements of ordinary course of business and market terms.

**5.5.5** The Committee shall review any questions of potential conflicts of interest in contemplated transactions with the Company's related parties which require Board approval and make recommendations to the Board for appropriate actions regarding the contemplated transactions.

**5.5.6** The Committee shall oversee procedures for treatment of complaints and concerns, received anonymously or otherwise by the Company regarding financial reporting, internal controls or auditing matters, potential infringements of financial market regulations, or other violations of law, UPM Code of Conduct or other corporate policies.

## **5.6 Other responsibilities**

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other duties and functions as may be assigned by the Board or deemed necessary or appropriate by the Committee for the performance of its oversight function.

## **6 Clarification of Audit Committee's Role**

The Committee's responsibility is one of oversight. It is the responsibility of the Company's management to prepare consolidated financial statements in accordance with applicable law and regulations, and of the Company's auditor to audit those financial statements. In terms of Company's statutory sustainability reporting the Company's management is responsible for compiling the information required to be reported under the applicable rules and regulations, and the responsibility of the Company's sustainability report assurer is to perform assurance to this information. Therefore, each member of the Committee shall be entitled to rely, to the fullest extent permitted by law, on the integrity of those persons, entities and organisations within and outside the Company from whom they receive information, and the accuracy of the financial and other information provided to the Committee by such persons, entities or organisations.