

UPM SUSTAINABILITY POLICY STATEMENT

This Sustainability Policy Statement - "Policy Statement" - was adopted by the Group Executive Team of UPM-Kymmene Corporation on 12.12.2024 and is valid as of 1.1.2025. The Policy Statement replaces the Responsibility Statement dated 24.8.2020.

References in this Policy Statement to "UPM" or the "Group" are to UPM-Kymmene Corporation and its subsidiaries.

The UPM group policy statements govern the actions of the organisation and assign responsibilities for implementation and compliance with the requirements to businesses and functions or specific units within UPM.

Definitions

- UPM businesses and functions: comprise UPM and UPM's businesses, i.e. business areas and other business operations, (including UPM's forest units and production sites), as well as all UPM's global functions, such as Sourcing; Marketing, Sustainability and Communications; Finance & Control; IT; HR and Technology
- UPM forest units: units responsible for the management of UPM's own and leased forests or land
- UPM production sites: all UPM units where UPM products or materials are manufactured, produced, finished, grown, or handled by UPM, including power plants, terminals, and nurseries

UPM Sustainability Policy Statement is available in several languages. In case of conflict between the language versions, the English language version prevails.

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1. About this Policy Statement

1.1 Purpose, scope and applicability

This Sustainability Policy Statement complements the UPM Code of Conduct, in particular the chapters on,

- Respecting people and human rights
- Addressing environmental impacts and product safety
- Engaging with stakeholders and society

The purpose of the Policy Statement is to describe UPM's commitments and positions regarding sustainability topics and UPM's responsible business conduct regarding these topics. The document also defines the UPM's approach to the governance of sustainability-related topics, and how UPM's environmental and societal performance is assessed, managed, and continuously improved.

The Policy Statement applies to all of UPM's activities. The management of each UPM business and function is responsible for ensuring its compliance with these principles and commitments, and that the Policy Statement is integrated into UPM's operating procedures and management systems.

The applicability of this Policy Statement to UPM's partners in the value chain and other stakeholders is specified in this document's relevant chapter.

UPM's Marketing, Sustainability and Communications function can give complementary, sustainability-related standards, guidelines and practical instructions that support the implementation of this Policy Statement's requirements.

Reference:

- UPM Code of Conduct

2. General part

2.1 Management of sustainability topics

The Board of Directors (BoD) oversees the double materiality assessment process, the key sustainability focus areas, and targets as well as the management of material sustainability impacts, risks and opportunities. The Group Executive Team (GET) is responsible for managing impacts, risks and opportunities at Group level and approves the Group's double materiality assessment, the sustainability focus areas, targets and key performance indicators, sustainability actions and sustainability-related policy statements and rules.

In practice, corporate responsibility efforts, including managing impacts, risks, and opportunities, implementing targets and actions, reporting on progress and compliance status, and contributing to the double materiality assessment, take place in businesses and functions. While executing its strategies, UPM and its businesses and functions, including production sites and forest units, are exposed to several financial and sustainability-related risks and opportunities. Each business, function and site is responsible for identifying, assessing, documenting and managing the impacts, risks and opportunities related to its own operations, and for reporting risk exposures, risk management activities and results to its own management team and to the Risk Management team.

The management of each business and function is responsible for ensuring that all employees are made aware of relevant sustainability-related issues in their day-to-day work. Any action that may have a negative impact on people or the environment must be carefully considered.

Reference:

- Charters of the Board of Directors

2.2 Sustainability due diligence

UPM has ongoing due diligence processes to identify, prevent, mitigate, and report on its adverse impacts on people or the environment, and how to address these impacts. They cover actual and potential impacts that UPM may cause or contribute to through its own activities or that may be directly linked to its business operations, products or materials and services.

UPM is committed to ensuring that risks and impacts on people or the environment are considered throughout its operations, including sourcing of materials and services and investment decisions related to potential investment projects, mergers, acquisitions, and divestments.

In line with this commitment, UPM's businesses and functions are responsible for conducting sustainability-related due diligence in their activities and operations. This consists of the regular identification of their impacts on people and the environment and prioritizing the most serious issues for further focus and action. Risk assessment and due diligence procedures are to be integrated into management systems to the extent possible.

UPM's compliance and management systems are used to follow-up progress and measure the effectiveness of actions.

2.3 Human rights

UPM's commitment to respect human rights is set out in the UPM Code of Conduct, UPM's internal UPM Human Resources Rules, and the UPM Supplier and Third-Party Code and is embedded in the Group's processes as described in this Policy Statement. In accordance with the United Nations Guiding Principles on Business and Human Rights, UPM respects the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. UPM also promotes the human rights principles of the UN Global Compact.

2.4 Materiality assessment

UPM assesses its sustainability-related impacts, risks and opportunities, and their financial impacts, i.e. it carries out a Double Materiality Assessment (DMA) at least once a year. The assessment is coordinated by the Responsibility team of the Marketing, Sustainability and Communications function and is based on input from internal and external stakeholders.

The process is aligned with the enterprise risk assessment conducted by the Risk Management team, the strategic risk and opportunity assessment conducted by the Strategy function and the assessment of corporate salient human rights issues coordinated by the Responsibility team. The outcome of the DMA comprises a list of material impacts, risks and opportunities, which is approved by the GET and reviewed by the Audit Committee of the BoD. The material topics identified are taken into account when reviewing UPM's sustainability focus areas and they define the scope of UPM's annual sustainability disclosure in accordance with applicable legislation.

2.5 Target setting and monitoring

To steer its sustainability actions and implement its strategy, UPM has established several sustainability focus areas with targets and key performance indicators. They are reviewed annually based on the DMA and UPM's strategy. The Responsibility team coordinates the review with the businesses and functions, the GET approves the focus areas, and the BoD's Audit Committee reviews them.

The GET also decides on Group-level actions. The GET adopts policies to manage material sustainability impacts, risks and opportunities related to the focus areas and to achieve the targets. The GET monitors key performance indicators at least once a year. Related investments are handled as part of UPM's investment management processes.

All UPM's businesses and functions, production sites and forest units are committed to UPM's sustainability targets and set their own targets in line with the Group-level targets where appropriate and develop and implement actions to achieve the targets.

2.6 Grievance mechanisms, incident handling and remediation

UPM provides and promotes access to grievance mechanisms and complaints channels. In addition to the Group-level grievance mechanism (the UPM Report Misconduct channel), customized and locally adapted channels for raising concerns are provided and promoted.

The UPM Report Misconduct channel is open to both UPM's employees and external stakeholders (including contractors, suppliers and affected communities) to report any complaints or concerns regarding violations of applicable laws, the UPM Code of Conduct, the UPM Supplier and Third-Party Code, and/or other policies and rules. Complaints and concerns can be submitted anonymously via the UPM Report Misconduct channel.

UPM handles reports received through the Report Misconduct channel in accordance with its internal investigation protocol and procedures. In accordance with the UN Guiding Principles, UPM seeks to use its leverage in the value chain to promote continuous improvement and the realization of human rights.

UPM provides remediation for proven adverse impacts on human rights and the environment that our activities have caused or contributed to.

UPM reports on its sustainability work annually, including verified serious environmental or human rights incidents, in its Annual Report and/or other applicable reports.

Reference:

- UPM Report Misconduct procedure

2.7 Investments, mergers, and acquisitions

In investments, UPM pays due attention to legal compliance and the management of safety, environmental, social, and human rights topics. Before making an investment decision, UPM assesses the relevant risks and impacts in accordance with regulatory requirements and UPM's internal criteria. For major investments, external service providers are used to assess both environmental and social impacts and risks for the construction and operation phases. Where relevant (for the investment in question) additional, more comprehensive, or more focused safety, environmental, and human rights risk assessments may be conducted.

More detailed guidance on integrating sustainability considerations and criteria into UPM's investment and project management processes is provided in UPM's internal investment and project manuals.

In mergers and acquisitions, UPM also takes legal compliance, safety, environmental, social and human rights topics into account as part of its evaluation and decision-making.

2.8 Engagement with stakeholders and society

UPM is committed to open and constructive engagement with its employees and with a wide range of external stakeholders such as non-governmental organizations, the authorities, industry associations, politicians or local communities in UPM's areas of influence. UPM identifies its key stakeholders and their expectations and engages in dialogue with them. All UPM production sites and forest units that may have a significant actual or potential impact on people or the environment in their surrounding communities shall develop and implement stakeholder engagement plans appropriate to the nature and scope of their activities, ensuring systematic collection of feedback from stakeholders. Other sites are encouraged to develop such processes when relevant.

UPM aims to make a positive contribution to the economic, environmental, and social development of the surrounding communities and to minimize the negative impacts of its current and future operations. UPM recognizes the importance of dialogue and open communication channels with internal and external stakeholders who are or may be affected by its operations and actions. Particular attention shall be paid to individuals or groups who may be at greater risk of negative impacts due to their vulnerability or marginalization, such as women, young persons, migrants, and indigenous peoples.

UPM aims to provide its stakeholders and the general public with accurate and reliable information about its environmental, social and economic performance, including governance. Therefore, UPM has implemented guidelines to ensure that its communication and marketing comply with relevant laws and regulations related to sustainability. UPM businesses and functions shall ensure that all sustainability claims are accurate, verified and presented clearly and specifically, as required in the respective UPM guideline.

UPM pays corporate income taxes where added value is created, and where profit is generated. Taxes are paid in accordance with local tax legislation and regulations.

UPM supports local communities through various projects and initiatives and discloses its activities openly. UPM plans and documents its activities and monitors and reports on its progress annually. The UPM Biofore Share and Care program consists of donations, sponsorships and employee volunteering in specific focus areas.

Reference:

- UPM Rules for Sponsorships, Donation and Employee Volunteering
- UPM Sustainable Claims Guideline and Instructions

3. Topical part

3.1 Anti-corruption

UPM's zero tolerance of corruption and bribery is set out in the UPM Code of Conduct and the Group's internal UPM Anti-Corruption Rules.

3.2 Biodiversity

All activities that alter nature have an impact on the living conditions of local flora and fauna. UPM aims to mitigate negative impacts, and efforts to maintain or enhance biodiversity must be integrated into UPM's operations.

To develop and implement actions to maintain and enhance biodiversity, it is important to understand and measure the potential negative and positive impacts of activities. UPM's most significant impacts on biodiversity arise from forest and land management and wood sourcing. Impacts also arise from migration barriers in stream waters and from the environmental load at production sites.

UPM's forest and wood sourcing units shall carry out biodiversity activities as part of UPM's global Forest Action program. UPM is committed to a net-positive impact on biodiversity in its forests in Finland and the USA and its land areas in Uruguay. Appropriate actions and measures are to be developed, implemented, and regularly monitored.

In wood and fibre sourcing, UPM's forest and wood sourcing units must use forest certification to manage biodiversity impacts (see Forest management, wood, and fibre sourcing chapter). In addition, UPM Sourcing needs to ensure that UPM's suppliers with significant negative impacts on biodiversity know that they are expected to map and understand the biodiversity impacts of their own operations and supply chains, and to engage in relevant biodiversity protection activities.

In dammed or blocked streams, living conditions for fauna should be improved to the extent possible by the business area or unit managing the area. In smaller streams, opportunities to remove obstacles are to be considered. In larger streams with significant hydropower capacities, other means of improving living conditions should be sought.

UPM's businesses shall promote best available techniques to reduce environmental load at production sites to mitigate negative impacts on biodiversity. The occurrence of harmful invasive species shall be prevented. The available means for optimizing conditions for flora and fauna should be promoted.

Reference:

- UPM Requirements for Suppliers of Wood
- UPM Sustainable Supply Chain Program
- UPM Forest Action Program
- UPM Stream Water Program

3.3 Climate change

UPM is committed to climate actions to mitigate the direct and indirect impact of its operations on climate, to contribute to science-based emission reduction targets in line with a 1.5°C pathway as outlined in the Paris Agreement.

UPM's businesses and functions need to consider potential physical and transitional changes due to climate change in their strategic considerations and take measures related to climate change adaptation to ensure long-term business resilience.

To achieve UPM's climate targets, all UPM's businesses and functions are required to develop action plans and take measures related to UPM's three climate pillars: forests, emissions reductions, and products, where relevant.

UPM's businesses and functions shall identify potential actions to reduce fossil CO₂ and other greenhouse gas emissions in their operations and supply chains and implement them systematically in line with UPM's investment management processes and emissions reduction targets.

UPM forest units have to ensure that UPM's forest and land areas act as carbon sinks and take measures to improve their adaptability to a changing climate.

UPM's businesses are encouraged to identify the climate impacts of their products and integrate the necessary actions to reduce these impacts into their product design and product development schemes.

3.4 Circularity and resource efficiency

UPM uses raw materials, water, and other resources responsibly and works to continuously improve resource efficiency. UPM's businesses are expected to design and optimize their processes for optimal resource efficiency, using best available techniques.

UPM is committed to a circular bioeconomy by using recovered materials from production processes and by developing recycling and utilization options for side streams and residues. UPM promotes recyclability throughout the value chain and the use of recycled materials in its products.

3.5 Energy efficiency

UPM uses energy responsibly and works to continuously improve its energy efficiency. UPM's businesses are required to implement energy management systems to the extent possible to achieve continuous improvement. Energy efficiency must always be considered holistically, as it may have an impact on other environmental performance indicators or the quality of UPM's products.

3.6 Environmental impacts from UPM's own operations

UPM complies with the applicable laws and regulations in all countries where it operates. UPM's businesses and functions must handle deviations from environmental permit limits or obligations and other non-conformities in accordance with the UPM Clean Run Standard and the UPM Occupational Health and Safety and Environment (OHSE) Incident Investigation and Reporting Standard. Measures must be taken to prevent reoccurrence and future deviations. UPM's target is to have zero environmental deviations.

UPM pays close attention to the impact of its operations on the air, climate, water, and soil and aims to minimize any adverse effects. This means reducing emissions to air and water, avoiding emissions to soil and minimizing both non-hazardous and hazardous waste. UPM's production sites continuously monitor their environmental load in accordance with local environmental quality parameters. The use of best available techniques shall be promoted.

UPM's production sites and forest units systematically manage their environmental performance based on the principle of continuous improvement. ISO 14001 environmental management system certification is required for all UPM's production sites, except for the terminals, for which ISO 14001 is promoted. The UPM Clean Run Standard must be implemented at all UPM's production sites and forest units.

Reference:

- UPM Clean Run Standard
- UPM OHSE Incident Investigation and Reporting Standard

3.7 Forest management, wood, and fiber sourcing

UPM is committed to internationally recognized standards and principles of sustainable forest management and zero deforestation. UPM-owned forests and plantations are 100% certified as sustainably managed or shall be certified within a reasonable time frame if the site is new. UPM knows the origin of wood and fibers sourced for UPM's products, as UPM's wood and fibre supplies are covered by third-party verified Chain of Custody certificates under FSC™ (FSC N003385) and PEFC (PEFC/02-44-41). UPM promotes the use of certified wood globally and uses certified wood whenever possible. UPM's target is 100% certified fiber by 2030.

UPM's minimum requirements for fiber and wood sourcing include criteria related to the legality of the wood, respect for traditional and civil rights (including the rights of indigenous and tribal peoples), and protection of areas of high conservation value. The minimum requirements criteria also prohibit the conversion of forests to plantations or non-forest use, and the use of genetically modified organisms.

References:

- UPM Supplier and Third-Party Code
- UPM Requirements for Suppliers of Wood
- UPM Pulp Supplier requirements

3.8 Land use

UPM is committed to ensuring that the land tenure and resource rights of individuals and communities, including indigenous people, are respected, and promoted. UPM adheres to the community engagement practices embedded in forest certification requirements, including Free, Prior, and Informed Consent (FPIC), where applicable. UPM recognizes and upholds the rights, customs and culture of indigenous peoples as defined in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). UPM has zero tolerance for land grabbing and fosters a respectful and mutually beneficial relationship with local communities in UPM's areas of influence.

3.9 Product stewardship

UPM's product stewardship takes the entire product lifecycle into account. UPM's Sustainable Product Design concept applies lifecycle thinking and lifecycle assessment data, both of which

are integrated into sustainable product design practices. When developing new products and improving existing products, the entire raw material chain, production and distribution efficiency, sustainable use and circularity are to be considered. Of particular importance is the sustainability value proposition that products can create for users or society at large. UPM aims to develop products that contribute positively to the UN Sustainable Development Goals.

UPM ensures that its products are safe for their intended use and meet applicable regulatory requirements. Product safety must be prioritized, from product design, development, raw material sourcing and production to delivery, use and disposal.

The UPM Product Stewardship Standard provides a framework for product management that emphasizes thorough risk assessment, adherence to good manufacturing practices and compliance with legislation, including detailed documentation. UPM's businesses and functions are responsible for implementing the necessary actions and processes to meet this standard. Various management systems such as ISO 9001 for quality management and ISO 22000 for food safety management, can be used to integrate these practices and ensure safe and compliant products. Stakeholder engagement is an integral part of UPM's approach, ensuring that employees, customers, and suppliers are actively involved in the product management process.

UPM is committed to using widely recognized environmental labels, such as the EU Ecolabel, and forest certification labels, such as FSC™ (FSC N003385) and PEFC (PEFC/02-44-41). In relation to chemical management in general, UPM's businesses and functions should ensure that chemicals approved for use in UPM's operations have minimal negative effects on human health, the environment and safety. As defined in the UPM Chemical Management Standard, the hazard properties of chemicals must be carefully assessed, and the approval process must be followed.

Reference:

- UPM Chemical Management Standard
- UPM Product Stewardship Standard
- UPM Sustainable Product Design concept

3.10 Sourcing of materials and services

The UPM Supplier and Third-Party Code defines the minimum level of performance that UPM requires from its suppliers and third-party intermediaries (e.g. agents, advisers, representatives, joint ventures, joint venture partners, local partners, and distributors). UPM also requires its suppliers and third-party intermediaries to ensure that their suppliers and subcontractors providing products or services in connection with the agreement between the supplier/third-party intermediary and UPM comply with UPM's Supplier and Third-Party Code or similar standards. In addition, there are category-specific requirements for certain materials and services.

UPM Sourcing integrates material sustainability topics into sourcing category strategies and monitors the progress of these topics. Appropriate contractual clauses shall be used in supplier contracts to ensure compliance with UPM's sustainability-related requirements.

UPM Sourcing and businesses shall systematically and regularly assess suppliers from an economic, social, and environmental perspective to identify and prioritize any negative impacts on people or the environment. Identified risks are assessed in more detail through surveys and supplier audits and are addressed through joint development plans, for example. If non-conformities are identified, the supplier is required to take corrective action and address non-conformities effectively. Corrective actions are followed up and monitored.

UPM's businesses or functions that engage another company ("the contractor") to carry out work or provide services in their production unit or other operations shall

- ensure that the contractor's employees working in UPM's production unit or other operations

- are aware of and trained in UPM's safety requirements and
 - are provided with fair terms and conditions of work;
- ensure that if the contractor uses subcontractors, the same requirements are fulfilled, and
- regularly monitor and follow up the contractor's performance.

References:

- UPM Supplier and Third-Party Code
- UPM Contractor Safety Requirements
- UPM Sustainable Supply Chain Program

3.11 Water management

UPM's production sites aim to minimize water use and wastewater load. Basins where freshwater is scarce or projected to become scarce, or where the quality of the receiving water is considered to be poor, should be given particular attention. New water-intensive production sites shall not be located in high-water risk basins without appropriate measures to reduce related risks, taking future scenarios and the needs of society and nature into account.

In the event of an extreme and exceptional drought affecting the water basin in the areas where UPM operates, UPM takes necessary measures to reduce the water deficit in the surrounding communities, taking all relevant aspects into account.

UPM's businesses and functions handle water responsibly in UPM's premises worldwide, and access to clean drinking water and sanitation shall be available for everyone working on UPM premises.

UPM manages the impact of its forestry on water resources. UPM's sustainable forest management practices aim to minimize negative impacts and support the role of forests in the hydrological cycle.

3.12 Working conditions in UPM's own operations

The UPM Code of Conduct outlines UPM's commitment to promoting fair working conditions, and UPM's Human Resources Rules and Safety Rules define the principles of working conditions, labor practices and decent work in more detail.

References:

- UPM Human Resources Rules for UPM employees
- UPM Safety Rules for UPM employees and other workers at UPM sites