



Traceability Study Finland Operations

UPM Pulp

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This is UPM



Wood-based
raw materials



Low-emission
energy

BUSINESSES:

UPM FIBRES

UPM ENERGY

UPM RAFLATAC

UPM SPECIALTY PAPERS

UPM COMMUNICATION PAPERS

UPM PLYWOOD

UPM BIOREFINING

54
production
plants



16,600
employees in
43 countries

RENEWABLE AND RECYCLABLE
PRODUCTS FOR:



PACKAGING



LABELLING



TRANSPORTATION



ELECTRIFICATION



CONSTRUCTION



COMMUNICATION



TISSUE AND
HYGIENE PRODUCTS



MANUFACTURING



BIOPLASTICS



BIOMEDICALS

11,000
customers

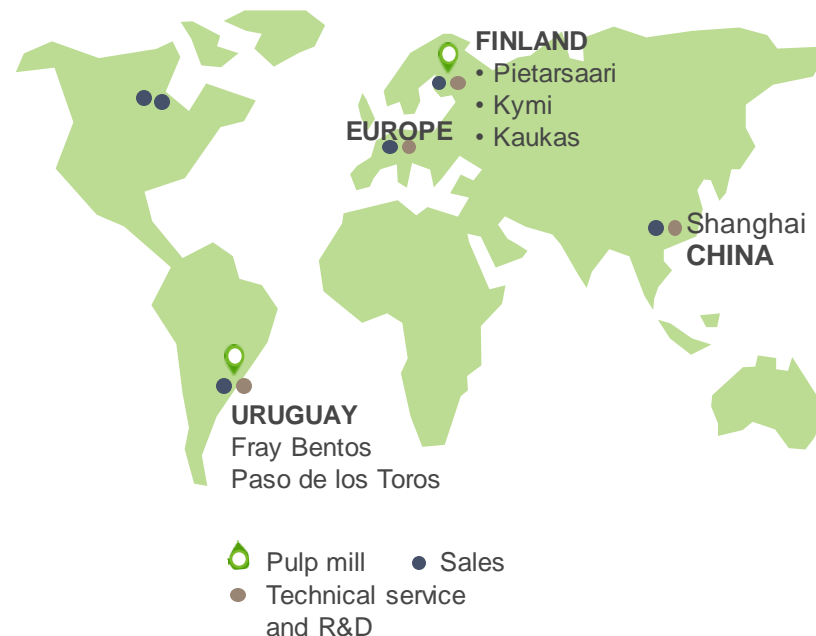


180
million end-users
globally

UPM Pulp



- **1,800** employees in Europe, China, North America and Uruguay
- **5** modern pulp mills in Finland and Uruguay with annual production capacity of **5.8** million tonnes of hardwood and softwood pulp
- **150+** customers in selected markets



UPM Pulp

All wood to our mills comes from legal sources – northern forests and Uruguayan eucalyptus plantations



Finland

Northern spruce, pine and birch is mainly sourced from private landowners and company forests in the vicinity of the mills.



Uruguay

Eucalyptus wood is sourced from company owned and leased plantations in Uruguay.



Modern nurseries

in Uruguay and in Finland ensure seedlings for high-quality fibre

UPM Conifer, UPM Conifer Thin and UPM Betula pulps produced in Finland at three different mills



UPM Kaukas

The mill has a capacity of 700,000 tonnes of softwood on two production lines.



UPM Kymi

The mill has a capacity of 870,000 tonnes of softwood and birch pulp on two production lines.



UPM Pietarsaari

The mill has a capacity of 800,000 tonnes of softwood and birch pulp on two production lines.



[UPM Pulp](#) | [UPM Pulp](#)

2. Sustainable forestry

Key principles of sustainable forestry



100%
**controlled and
traceable**
by a
third-party
verified Chain
of Custody

No wood
from tropical
rainforests or
forests converted
to plantations

In UPM,
87% of all
wood used
certified
(2023)

Verified
sustainability
by **FSC™**
and **PEFC**
certifications

Forest
biodiversity
enhanced

(FSC N003385, PEFC/02-44-41)

Globally



We plant
55 million trees
every year

=

more than
100 trees
per minute

Sustainable forestry

forestry principles



**100% traceable wood
origin**



100% legal sources



**No use of tropical
rainforests**



**Respecting traditional and
civil rights**



**100% UPM plantations
double certified**



Zero deforestation



**Safeguarding high
conservation values**



**No use of genetically
modified trees**

Sustainable forestry

Finnish forestry

- UPM's tree nursery produces more than 20 million seedlings per year.
- Planting seedlings & sowing seeds accounts for 90-95% of forest regeneration (natural regeneration 5-10%).
- UPM **uses only native tree** species in forest regeneration.
- **All final felling areas are regenerated** - forest regeneration is obligated by the 1996 Metsälaki (Forest Act).

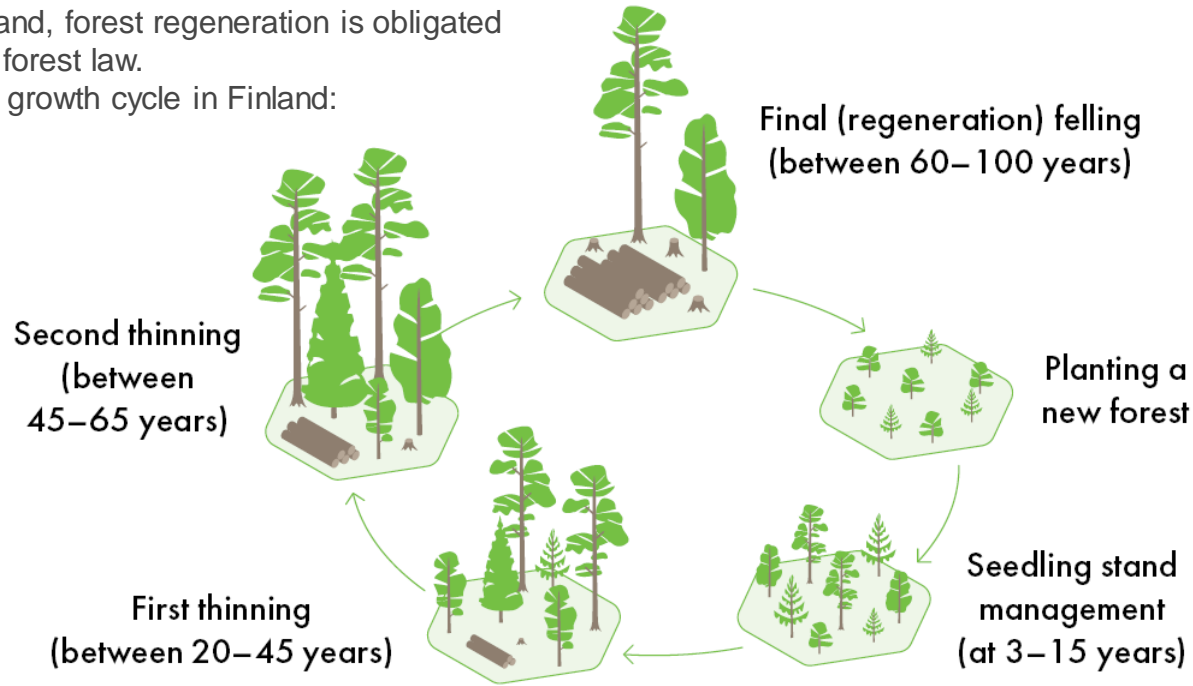


Sustainable forestry in Finland

Forest growth cycle

In Finland, forest regeneration is obligated by the forest law.

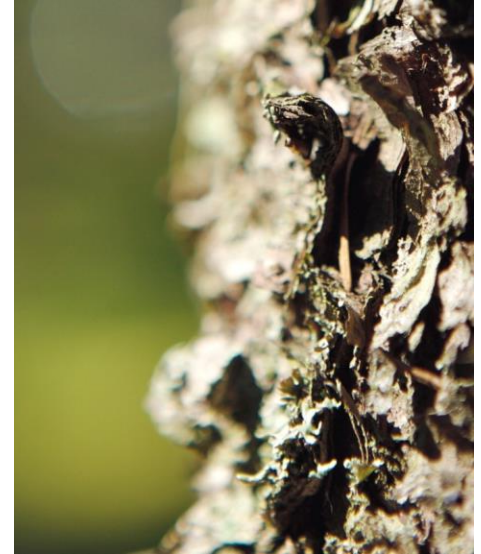
Forest growth cycle in Finland:



Our principles of sustainable forestry

	100%	traceability with 3 rd party verification
Target of	100%	of certified wood material by 2030 already today over 80%
	100%	Regeneration 50 million new trees planted every year, 100 per minute

-
- **No deforestation, ever.** No use of rainforests.
 - **Sustainable harvesting** practices
 - Preservation of all forest **ecosystem services**



Sustainable forestry ensures forest growth

Facts on forest growth



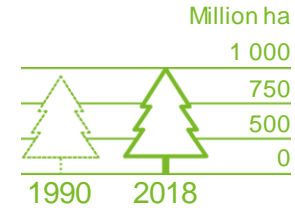
**In Finland alone
150 million
new trees
grow every year**

=



**Doubled growth
in 50 years**

In Europe, forest
area has grown
17.5 million ha
in 25 years



3. Biodiversity

Protecting biodiversity is part of our daily work



- Both forest conservation and nature management in forests are required to secure biodiversity in forests.
- The use of retention trees, watercourse buffer zones, and deadwood are important measures for securing biodiversity in forests.
- UPM aims to continuously promote the biodiversity of company forests:
 - UPM has a global biodiversity programme.
 - UPM has protected over 40,000 nature sites on a voluntary basis.
 - We develop the forestry and secure biodiversity with concrete species- and habitat-specific projects.
- Our actions are based on legislation, forest certification and UPM instructions.
- We have set a target to increase biodiversity in UPM's forests in Finland by 2030.
- Forest Action program launched including five fundamentals of responsible forestry: climate, biodiversity, water, soil and social contribution.

Biodiversity

Forest Action programme

- The **UPM Forest Action programme** outlines an ambitious agenda for us to maximise the positive impact of our forestry operations by the end of the decade.
- The programme covers action across five areas:
 - biodiversity, climate, water, soil and social contribution
- UPM goal of **net positive impact on biodiversity** in three key areas: forest management, conservation, and projects & collaboration.
- We improve biodiversity through our **global biodiversity programme**.
- <https://www.upm.com/responsibility/forests/forestaction/>



Forest biodiversity actions in Finland



**Identification
and protection
of valuable
habitats**



**Regeneration
of forests by
planting after
final felling**



**Saving
deadwood
(decaying
wood) in the
forest**



**Leaving living
retention trees
after final
harvest**



**Planning and
implementing
water
protection
measures**



**Restoration
and species
projects**



4. Social Responsibility

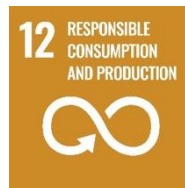
Our sustainability commitments build on leading global standards



THE Paris...
CLIMATE 10 years
PLEDGE Early



SUSTAINABLE
DEVELOPMENT
GOALS



Focus on people and respecting human rights



...of our employees



...of our suppliers & contractors



...of the communities where we operate





Building blocks in UPM's social responsibility



BUILDING THE FOUNDATION

SETTING OUR SOCIAL RESPONSIBILITY AMBITION

FROM "DO NO HARM" TO "DO GOOD"

- Human rights public policy commitments and framework
- Regular identification and mitigation of human rights risks in own operations and supply chains

- UPM's 2030 social responsibility targets and focus areas
- Building capacity and public reporting

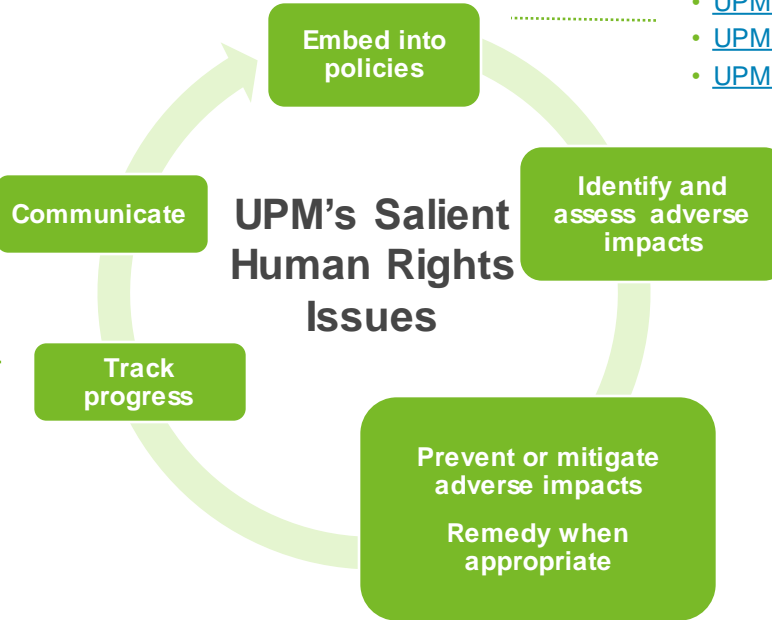
- Promoting and driving best practices in partnerships with others
- Scale up efforts on topics such as living wages & gender equality

UPM's Human Rights Due Diligence

- UN Guiding Principles for Business & Human Rights
- OECD Guidelines for Multinational Enterprises
- UN GC 10 principles
- ILO Fundamental Principles and Rights at Work



UPM's Salient Human Rights Issues



- [UPM Annual Report](#)
- [EMAS reports](#)
- [Human Rights Review Report](#)

- [UPM Compliance System](#)
- BA human rights workshops
- [UPM Report Misconduct channel](#) and other local grievance channels

- [UPM Code of Conduct](#)
- [UPM Supplier and Third-Party Code](#)
- [UPM Human Resources Rules](#)
- [UPM Responsibility Statement](#)

- Business area specific human rights risk assessments and integration to management systems
- [High sustainability risk supplier process and Enhanced DD assessment](#)
- [Environmental and social/human rights impact assessments](#)
- [Stakeholder dialogue](#)

- [Commodity specific supplier requirements](#)
- 24/7 Counterparty screening
- [Forest certifications](#)
- [EcoVadis assessments, contractor reviews and supplier audits](#)
- [Certified ISO management systems](#)
- [UPM Clean Run process](#)

UPM's Responsible Sourcing Principles



**UPM Code
of Conduct**



**Transparent supplier
requirements**



**TOGETHER FOR
SUSTAINABILITY**



**Systematic risk
assessment**



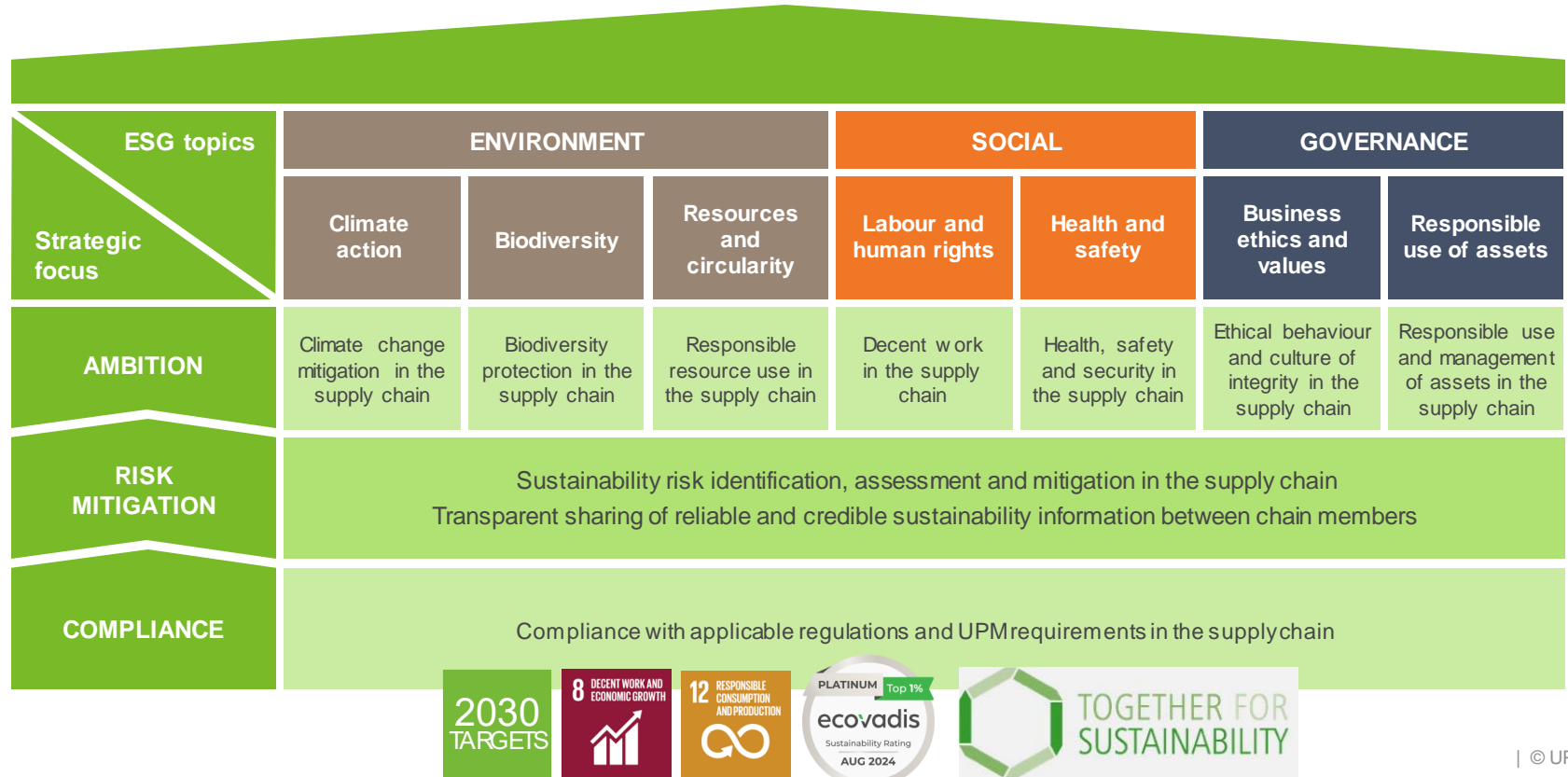
**Continuous
supplier
development**

**2030
TARGETS**



Our new sustainable supply chain programme

Read more on [our website](#).



Focusing on local communities



Biofore Share and Care Programme

Focusing on local communities and positive impacts through donations, sponsorships and employee volunteering.



Reading &
learning



Engaging with
communities



Beyond fossils
initiatives

Having an active dialogue with stakeholders



- We engage in active dialogue with our stakeholders to discuss our operations and targets.
- We respond to stakeholders' concerns at local, national and international level, i.e., by participating in public debates and meeting various NGO representatives.
- We strive for good and long-term collaboration with extensive supplier and contractor pool.
- We provide transparent reporting of environmental and societal impacts ([EMAS](#)).
- We promote a proactive speak-up culture and provide anonymous grievance mechanisms: E.g., [UPM Report Misconduct](#) channel for raising stakeholders' concerns is operated by an independent external service provider in a system called SpeakUp.



Recognised in social responsibility

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



ShareAction»



5. Wood Procurement & Suppliers

Wood sourcing

Finnish forestry

- wood comes from sustainably managed **boreal forests**.
- more than half comes from **private forest owners**.
- the remainder comes from **UPM's own forests** (over 500,000 ha) & third-party suppliers.
- small proportion sourced from **Sweden and the Baltics**.



UPM & Wood Suppliers

Suppliers are an essential part of our value chain

- Our continuous teamwork with our suppliers ensures the efficiency, transparency and responsibility of our entire supply chain.



Group Policy

UPM Supplier and Third-Party Code

- We engage in long-term co-operation with selected suppliers to optimize cost, quality, sustainability and innovation.
- [UPM Supplier and Third Party Code](#) defines the principles that all suppliers and third-party intermediaries need to comply with. Available in UPM Web.
- It sets the minimum level of performance that UPM requires from all of its suppliers and third-party intermediaries.



Wood procurement

Wood the natural raw material for pulp



- All wood used in our products comes from sustainably managed forests and from legal sources.
- We use certified chain of custody and controlled wood systems verified by independent external auditors to ensure that our wood is 100% responsibly sourced.
- We aim to use certified fibre to the highest possible degree and to promote a global increase in the use of certified wood. In 2023, 80% of the wood used by UPM Pulp was certified.
- All of UPM's own forests are certified under the FSC™ (FSC N003385) and/or PEFC (PEFC/02-44-41) certification schemes.
- FSC™ forest management standard in Finland (UPM license numbers: Finland FSC-C105876), PEFC forest management standard in Finland (PEFC/02-21-17) FSC™ and PEFC Chain-of-Custody (CoC) standards covering all the UPM wood sourcing globally.

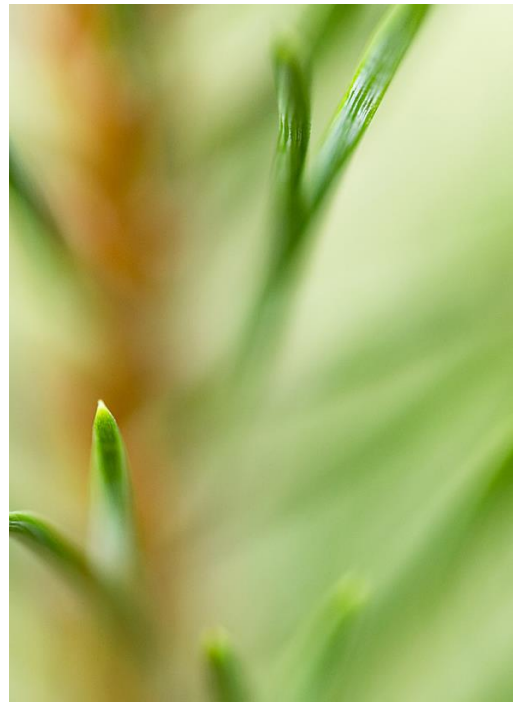


Wood procurement in Finland

UPM Forest



- Wood procurement in Finland is under the management of **UPM Forest**.
- We have had tracing systems for wood raw material in place for nearly two decades. Our tracing systems are based on chains of custody and are integrated into third party ISO 9001 and ISO 14001 certified management systems. This means that we are able to have complete control over the origin of our own harvesting and ensure that other sources are controlled by contractual terms of agreement and supplier audits.
- We have also developed a special tracing system for wood sourcing in the Baltic countries. This system requires all deliveries from there to be accompanied by a statement of origin showing a map grid reference of the location of the logging area.
- All our wood supplies are covered by a third-party verified chain of custody.



Wood procurement in Finland

No deforestation by UPM



- Our own forest management and additional wood sourcing do not cause deforestation anywhere in the world. Our long-term view ensures that forests grow more than we harvest. We plant over 50 million new seedlings every year.
- We follow the principles of sustainable forest management, which means that we manage the forests in a way that they are preserved for future generations, and respect the environmental, social, and economic values of forests.
- National forest inventories allow us to access public information on forests including forest area, forest growth and harvests, which complement our environmental management and certification systems.
- Forest inventory data provides information on no net loss of forest cover, verifying that deforestation does not take place in areas where we source wood.



Wood procurement in Finland

No deforestation by UPM

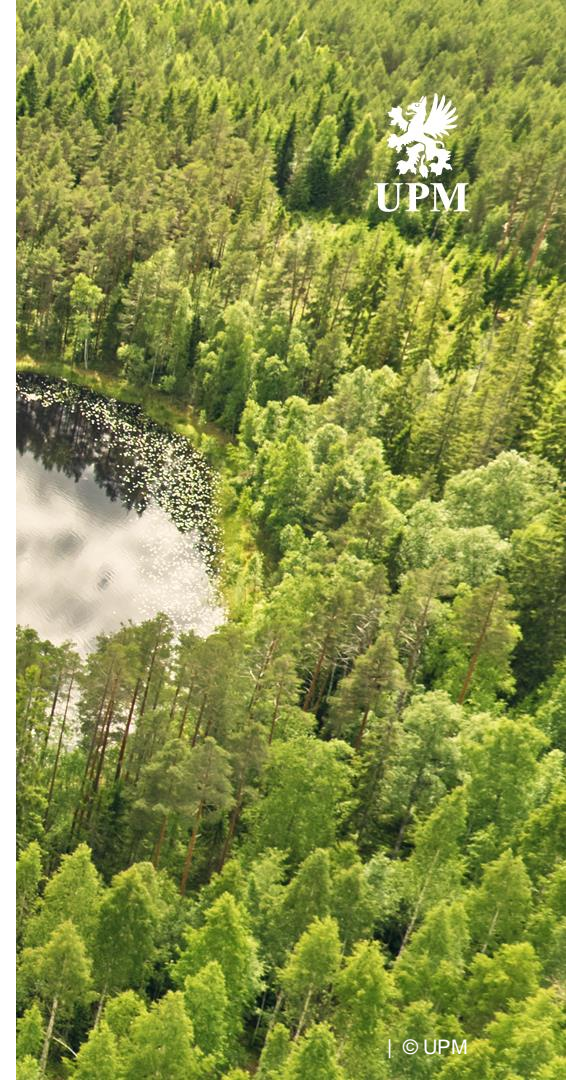


- UPM's compliance to above mentioned standards and systems is annually verified by external third-party auditors.
- Certified forest management and CoC systems provide mechanism of traceability, an information link between the wood harvested from the forest and the end-products. The CoC verifies that the wood doesn't come from controversial sources, which covers illegal logging and forest conversion (CoC controlled wood).
- Each participant along the supply chain is CoC certified to ensure complete traceability.
- UPM uses documentation and the digital GIS maps with integrated forest resources database to track the wood fibre flows from the forest to the mill and to keep forest data up to date. The system is audited by external auditors globally, every year.
- UPM also promotes certification in privately owned forests, for instance through group certification. (FSC C109750).



Indigenous Peoples

- We also recognise that the most marginalized and vulnerable segments of the population (e.g., indigenous and tribal peoples) may be disproportionately affected by land acquisition and/or natural resources use and therefore warrant special safeguards.
- UPM complies with applicable forest certification requirements on recognizing and upholding the rights, customs and culture of indigenous peoples, as defined in international conventions, declarations and treaties on the rights of indigenous peoples, such as the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and ILO Convention 169 on Indigenous and Tribal People.
- UPM ensures through its human rights due diligence and third-party certification that its own forestry operations and wood sourcing do not violate land tenure or land use rights of traditional or indigenous people's groups.
- Risk assessments, community consultations, including Free, Prior, and Informed Consent (FPIC) when applicable, and access to grievance channels are embedded in our forestry operations and certification requirements.
- [UPM Annual Report 2023](#) (pages 82-83)
- [Forests | UPM.COM](#)

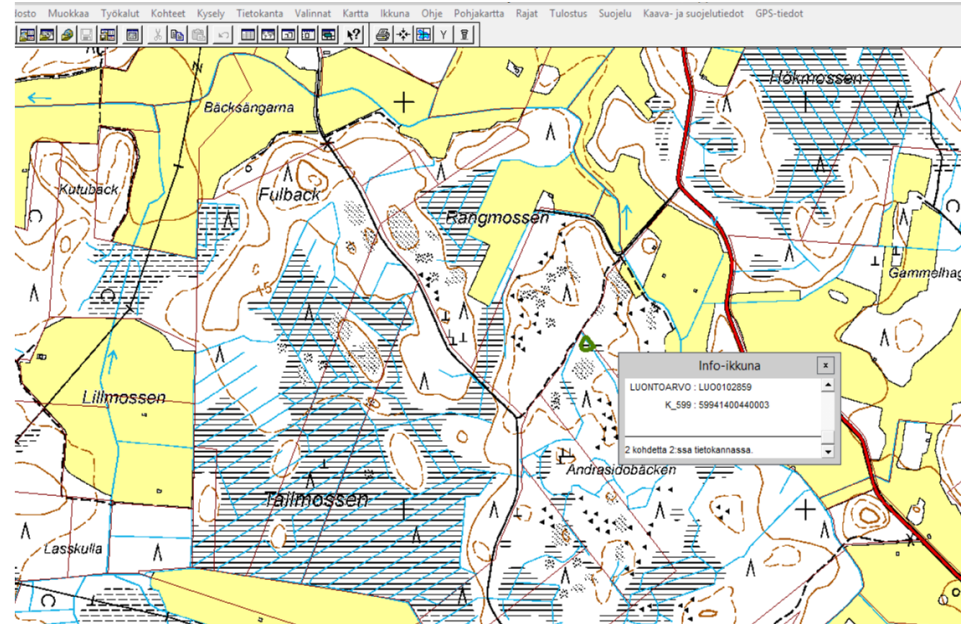


Forest establishment

Permits & authorisation in Finland



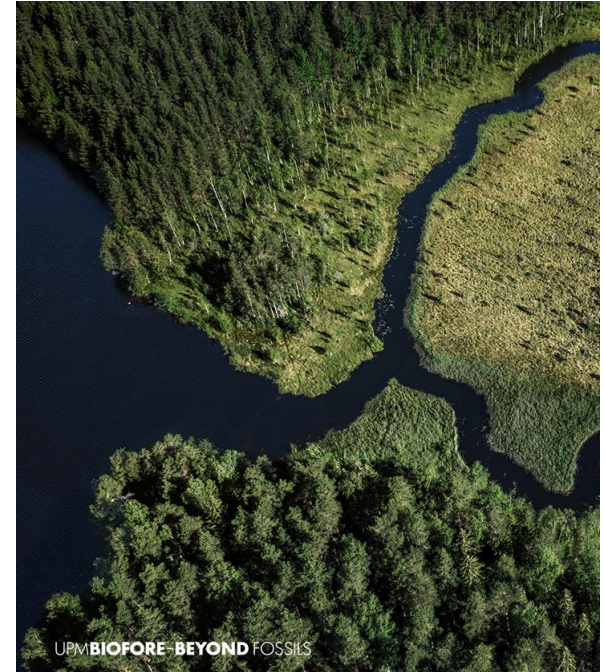
- Finland has the Government-funded organisation, the Finnish Forest Centre (Metsäkeskus in Finnish - <https://www.metsakeskus.fi/en>), which controls and monitors to ensure trees are legally harvested etc.
- It must be informed two weeks prior if forest is planned to be harvested, so that Metsäkeskus has time to check all the details. (**Forest Use Declaration**).



Forest establishment

Permits & authorisation in Finland

- The **Forest Use Declaration** is a requirement in the Forest Act in Finland.
- The Declaration includes information about planned harvesting actions.
- The Declaration must be done before harvesting and is sent to the Finnish Forest Centre, the government-funded organisation, which monitors the legality of harvesting actions.
- The forest use declaration makes sure that known sites, habitats or species protected by law will be informed to all the actors involved.
- Forest ownership is also always verified through the Finnish real estate register when making a forest purchase deal. The register is open for all.
- UPM Forest has an own forest ERP system (ForIt) that shows maps with various important information, e.g. protected habitats and threatened species.

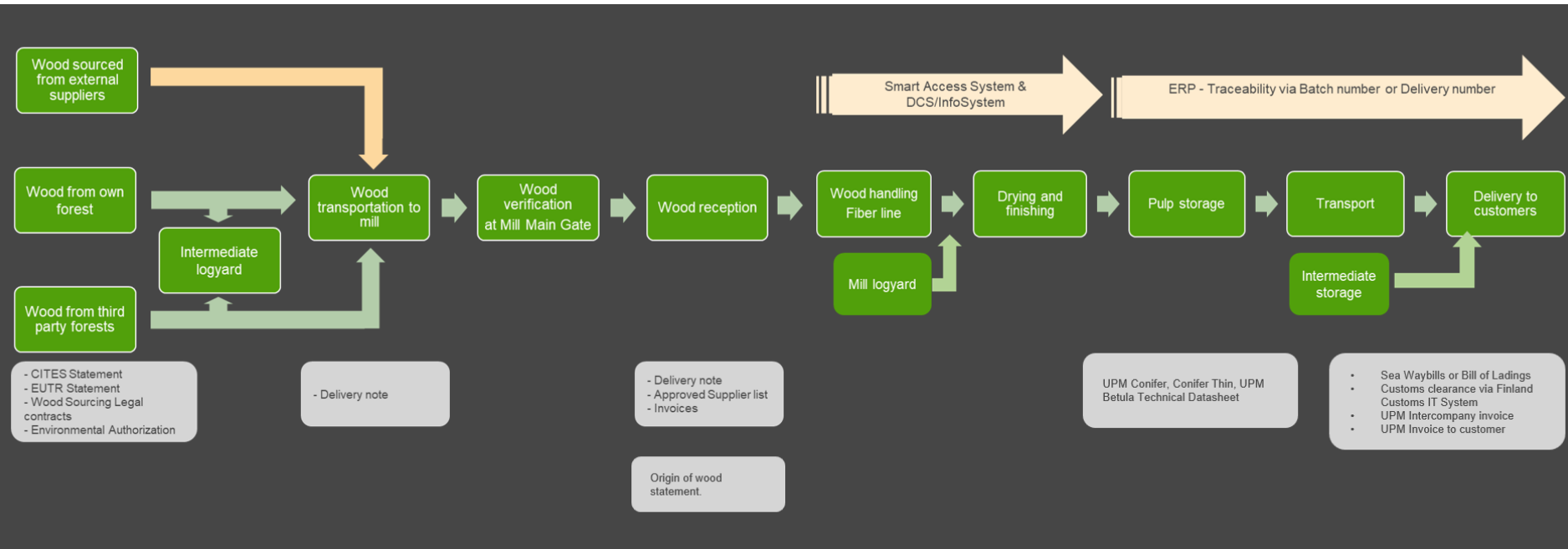


6. From Wood to Pulp

Traceability & Permits

From wood to pulp

Process flow chart



Gate entry documentation



- the registration plate of the vehicle ('truck plate')
- the transport company
- the forest sale contract which will match with the supplying forest.
- wood species are recorded as a 3-digit number ('sort' on the screenshot)
- certification

Mittapaikka: KAUKAS

Mittaja: KAUKAS_T

Käyttök:

CMR:

Alkuperä:

Kulune:

Alkuperä2:

Huomautus:

Tuloaika: 01.10.2024 15:29

Lähtöaika: 01.10.2024 15:51

Tapahtumahetki: 01.10.2024 15:51

55179-00087-814

55179-00087-814

55179-00087-814

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55179-00087-824

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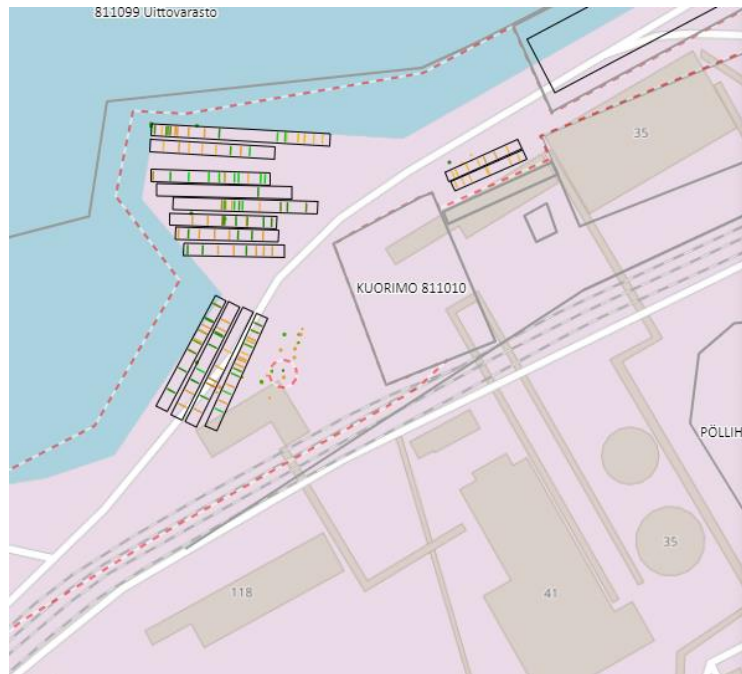
Sort

Certification

System of wood storage in the pulp mill wood yard



- At the Finnish Mills, the WYS-System (Woodyard system) is used in the woodyard.
- All logs are marked, and log data can be read on each individually tagged batch.
- Consignments are tagged and the information stored can be seen in this example from our Kaukas mill yard.



<input type="checkbox"/> KAUKAS-2024-65138 #1	100	■
Tree Species	Spruce	
Timber Assortment	Spruce paperwood 3m-6m CE	
Truck Reg No	54810650	
Loading Order	N101	
Ticket No	KAUKAS-2024-65138	
Receipt Volume	19.6	
Volume	19.600	
Length	3.7	
Receipt Pile Id	19592467	
Purkuaika	2024-10-01 19:10	
Fresh Density	849	
Timber Assortment Group	KUK	
Harvest Date	-	
Transport Type	Train	
Supplier	2032	
Supplier Group	00000	
Log Stacker	W9KTCa03367	
<input type="checkbox"/> KAUKAS-2024-65138 #2	100	■
<input type="checkbox"/> KAUKAS-2024-65142 #1	629	■

From wood to pulp

DCS – info system



- The Distributed Control System (DCS) used to remotely monitor and control the production process from the control room stores the process data with time tags in its server for long periods.
- In addition to this, the data is transferred to the Information System for analysis and reporting.
- Starting from the moment the wood chips are fed into the fibre line, it is possible to trace forward using the retention times in the process and the production time information associated with each production lot (batch) number registered in the ERP system.
- Both systems are in secure servers and the information is safely backed up.



From wood to pulp

ERP System



ERP System - Traceability via Batch number or Delivery number

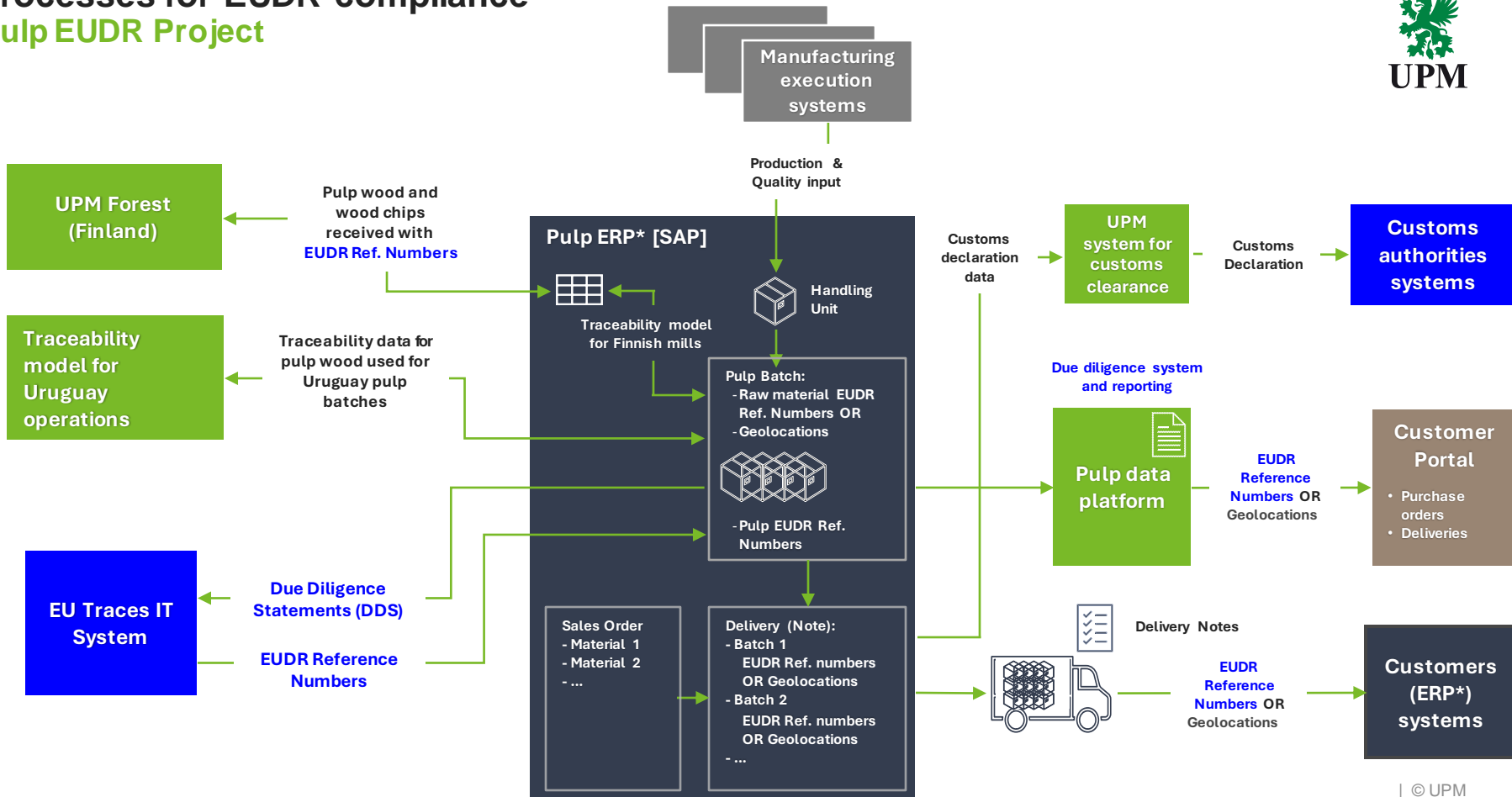
- With the **production lot number** or delivery number associated to each **sales/delivery recorded in ERP system** it is possible to trace backwards to the production time, production line information and **origin of wood information**.

7. Systems Integration & Processes for the EUDR

UPM Pulp systems integration and processes for EUDR compliance

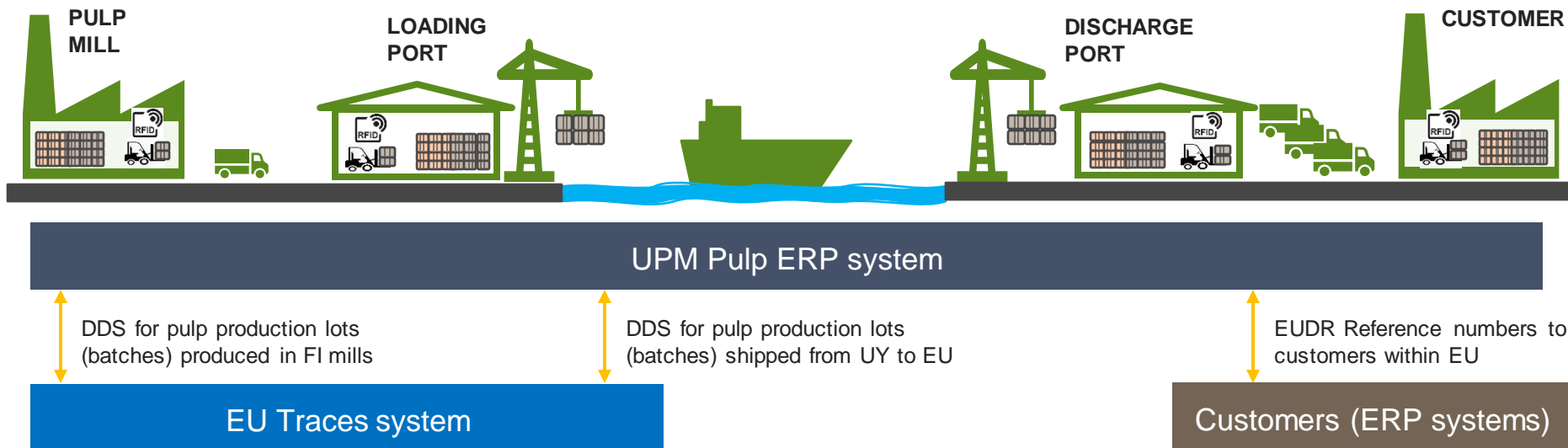
Pulp EUDR Project

*ERP = Enterprise Resource Planning system



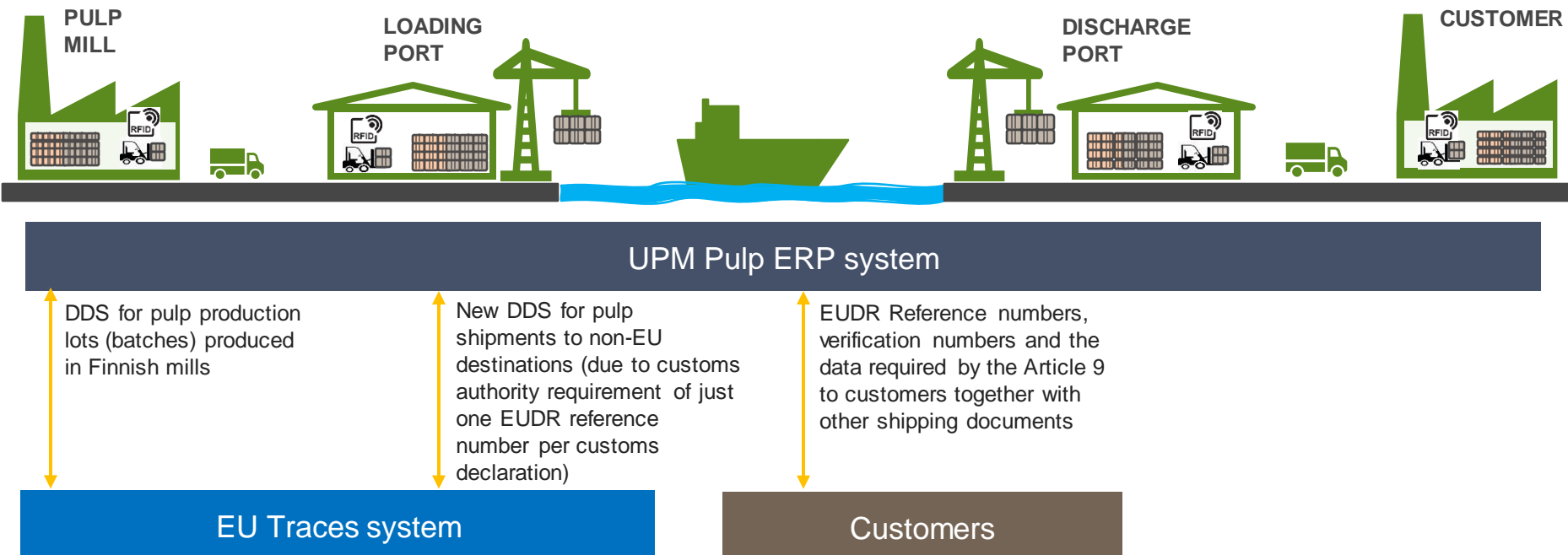
EUDR Due Diligence Statements and EUDR data to customers (inside of the EU) for the pulp produced in Finland and Uruguay

Pulp EUDR Project



EUDR Due Diligence Statements and EUDR data to customers (outside of the EU) for the pulp produced in Finland

Pulp EUDR Project



EUDR data to customers – via automatic email



- Delivery note documentation.
- A file in PDF format containing EUDR Reference Numbers and association Verification Numbers.
 - EUDR Reference numbers and Verification numbers are available also as barcodes in the .pdf file
- A file in CSV format containing the same details as the PDF file above, in order to facilitate customers' use of automated data uploads etc.
- Information in the email text regarding where the customer can access further information (via a dedicated webpage) with regard to UPM Pulp's due diligence processes and 'evidence'



EUDR data sheet to customers – ‘Traces Pulp’



UPM Pulp - EUDR Data Sheet

Page 1 of 2

22.11.2024

Customer PO: PI0159349

UPM Delivery Number: 55178306

DDS Description Summary: <https://www.upmpulp.com/sustainable-pulp/eudr/>

Operator name and address

UPM Pulp Sales Oy
 Alvar Aallon katu 1
 PO Box 380
 FI-00101 Helsinki
 Finland

Business ID/EORI

FI2096078-9

Regulation (EU) 2023/1115

By submitting this due diligence statement the operator confirms that due diligence in accordance with Regulation (EU) 2023/1115 was carried out and that no or only a negligible risk was found that the relevant products do not comply with Article 3, point (a) or (b), of that Regulation.

UPM Material Code	UPM Material Description	Customer Material	Production Lot	Unit Count	Gross Weight	EUDR Reference Number	EUDR Verification Number
2170	UPM Conifer		62814620	8	16,046 TO	24FIDXWZB22197	OVQFYIR0
2170	UPM Conifer		62814621	2	4,014 TO	24FIRU0DI22199	ITBU78QL
2170	UPM Conifer		62814622	2	4,015 TO	24FIOWSLN22201	GN1UVXNZ

EUDR data sheet to customers – ‘Traces Pulp’



Page 2 of 2

UPM Pulp - EUDR Data Sheet

26.11.2024

Customer PO: PI0159349

UPM Delivery Number: 55178306

DDS Description Summary: <https://www.upmpulp.com/sustainable-pulp/eudr/>

Operator name and address

UPM Pulp Sales Oy
 Alvar Aallon katu 1
 PO Box 380
 FI-00101 Helsinki
 Finland

Business ID/EORI

FI2096078-9

Regulation (EU) 2023/1115

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EUDR Reference Number	EUDR Verification Number
 24F1DXWZB22197	 24F1DXWZ
 24F1R00DI22199	 24F1R00D
 24F1OWSLN22201	 24F1OWSL

UPM **BIOFORE**
BEYOND FOSSILS

